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*Political Transition and
Economic Stabilisation:
Bolivia, 1982–1989*

James Dunkerley

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‘Veíame ya, pronunciando en la Cámara de Diputados un discurso viril y elocuente: la frente alta, la mirada segura, la mímica correcta y las palabras fluyendo con una elocuencia digna de Baptista. El costado izquierdo, ocupado por la oposición, me contemplaría con rabia, mientras la derecha aplaudaría los períodos rotundos y lógicos de las catilinarias con que yo iba a aplastar a mis adversarios.’

Armando Chirveches, *La Candidatura de Rojas*, 1909.

‘El MNR era un partido populista, muy parecido al peronismo. Pero al llegar al poder supo darse cuenta de qué era que había que hacer.’

Gonzalo Sánchez de Lozada, Buenos Aires, July 1989.

Political Transition and Economic Stabilisation: Bolivia, 1982–1989

Introduction

For many Bolivians there was more than a touch of irony in the fact that at the inauguration of Carlos Saúl Menem as President of Argentina in July 1989 so much attention – for once respectful and inquiring – should be paid to one of their number, present as a guest of honour. The man in question, Gonzalo Sánchez de Lozada, was treated as little less than a delphic oracle by Julio Alsogaray, Menem's economic adviser, Nicaraguan President Daniel Ortega and the local media, all anxious to learn how this ex-minister of planning and prospective president had contrived to cut Bolivia's inflation rate from 15,000% to 16% in the space of two years without provoking food riots or a widespread collapse of social order. Many in La Paz had good cause to wince at 'Goni's' casual injunction – rendered in a thick accent bred of a youth spent in North America – that the only stabilisation plan worth its salt was one accompanied by a state of siege, under which recalcitrant trade unionists could be packed off to Patagonia for a while. Although this observation derived directly from the Bolivian experience, it scarcely modulated with the discourse of democracy accompanying the first handover between elected presidents in Argentina in more than 60 years. Nonetheless, whatever their political colours, those Bolivians who had witnessed the role of the Argentine military advisers in the coup of July 1980 and knew of the failure of their rich neighbour to pay the millions of dollars it owed for imports of natural gas were inclined to indulge the sly rumours that Menem had asked Sánchez de Lozada to be his economy minister and another Bolivian guest, Hugo Banzer Suárez – ex-dictator and also a challenger for the presidency – to be chief of police.

The cultural aspects of such badinage should not be disregarded, but beneath it lies the important fact that the political economy of Bolivia was no longer being treated abroad as a hopeless 'basket case' administered through corporatist politics that shifted between military authoritarianism and a syndicalist-led 'populism'.¹ In fact, many of the features that underpinned this perception remained intact after both the return to constitutional government in October 1982 and the election of the Movimiento Nacionalista Revolucionario (MNR) in July 1985. Equally, it should be said that recent

foreign attention to the Bolivian economy has not been matched by an interest in the country's politics.² Indeed, longstanding presumptions have been only partially dislocated since in both economic and political fields Bolivia has continued to manifest extreme experiences since 1982.

Apart from the fact that the country remains the poorest in mainland America, it has suffered from both the greatest inflation and the most severe deflationary policies witnessed in the continent since the early 1970s. At the same time, the first two civilian governments since the collapse of dictatorship served in their own ways to uphold – and even encourage – the image of a bi-polar model of politics, albeit within the broad parameters of the rule of law. (The first time – it might be added – since the mid-1940s, when the last stage of the government of Gualberto Villarroel (1943–6) and the first of that led by Enrique Hertzog (1947–9) witnessed respectively ‘populist’ and ‘authoritarian’ policies applied under fragile but discernible constitutional conditions.)

In many respects, ‘redemocratisation’ in Bolivia has been associated less with the institutional tasks of establishing a constitutional polity than with the expression of starkly contrasting social and economic policies. On the one hand, the coalition government of the Unión Democrática y Popular (UDP; 1982–5) led by Hernán Siles Zuazo may be viewed as typically ‘populist’ in that its essential thrust was towards deficit financing, acquiescence in labour demands, radical rhetoric, and a notable respect for human rights. On the other, the MNR government led by Víctor Paz Estenssoro (1985–9) responded to an extraordinary economic crisis exacerbated – but by no means generated – by the UDP with an exceptionally severe and orthodox adjustment programme, alliance with Banzer’s right-wing Acción Democrática Nacionalista (ADN), disregard for the *fuero sindical*, and a clear disposition to reduce the state, encourage private capital, and collaborate with the international status quo on issues such as the debt (in a formally heterodox but practically conformist manner) and the cocaine trade, or *narcotráfico* (on a formally conformist but practically heterodox basis).

The sense of an essential modal continuity with the pre-dictatorial era was sustained by the enduring dominance of political life by an ‘historical’ party – the right-[Paz] and left-[Siles] wings of the MNR – although such a pattern is also visible elsewhere, with the partial and complicated exceptions of Brazil and Ecuador. However, in the Bolivian case this sense was peculiarly enhanced by the fact that the two post-dictatorial presidents were themselves the principal architects of the state born of the 1952 revolution (Paz being president in 1952–6 and 1960–64, Siles in 1956–60). Indeed, although the passage of time and changing circumstances determined that they could no longer conduct themselves as twenty or thirty years earlier – a fact most evident in the need to form coalitions and leave the more energetic aspects of *caudillismo* to subalterns of a younger generation – the cyclical features of political life were underscored in a profoundly paradoxical fashion in that Paz, who had nationalised the tin mines, introduced an agrarian reform, and

applied highly inflationary policies in the first years of the revolution, now sought to dismember the state mining corporation (Comibol), announced a substantial adjustment to the agrarian reform, and conducted a rigorously deflationary economic policy. Siles, by contrast, had initially been associated with the MNR's conservative wing, and in 1956–7 entered into a decisive conflict with the trade unions grouped in the Central Obrera Boliviana (COB) precisely by applying an orthodox stabilisation plan that cut real wages, increased unemployment and reduced state expenditure to the requirements of the IMF and Washington. The fact that he strenuously resisted taking such a course in the early 1980s was widely perceived as emanating not just from a commitment to 'populism' but also from a personal refusal to relive the extreme bitterness of the mid-1950s. These reversals of prior practice were not, in fact, as simple as depicted, but they did throw into such sharp relief the trajectory of individual personalities that even in the 1989 election dominated by figures of the 1970s (Banzer and Jaime Paz Zamora of the Movimiento de la Izquierda Revolucionaria [MIR], and the 1980s (Sánchez de Lozada and Carlos Palenque of Conciencia de Patria [CONDEPA]), it was easy to underestimate the degree to which Bolivian politics had changed.

The general lack of interest in discovering the degree of balance between, on the one hand, Bolivia as *part of* the regional experience of redemocratisation and a manifestation of that experience *in extremis* (the relationship unity/diversity), and, on the other, the persistence of the old/'traditional' and the emergence of the new/'modern' (the relationship continuity/rupture) cannot be properly rectified here. However, it should be noted at the outset that while this paper does not pretend to deal in detail with economic management,³ the coca and cocaine economies,⁴ or the travails of the left⁵ – all critical issues in the post-dictatorial era – none of these phenomena lacks features that run counter to received beliefs and that confuse easy paradigms.

With respect to the economy, it is evident that, in addition to notable failures to spur growth under both administrations, after 1985 the state sector was simply diminished rather than overhauled, agriculture was largely ignored and excluded from fiscal reform for purely political reasons (the 'traditional' *movimientistas* over-ruling the 'modern' technocrats), and with the exception of a few instances of cooperativisation (most notably municipal telephone systems) and asset-stripping (the sale of Comibol's reserves of unprocessed ore), privatisation remained a pious hope. Similarly, following a constant pattern since 1952, efforts to encourage new private investment produced insignificant results beyond recycling an increased proportion of narcodollars through formal channels. The social cost of both hyperinflation under the UDP and stabilisation under the MNR was exceptionally high; the latter altered its form but certainly did not reduce its impact.

In terms of coca and cocaine the record of the last decade is similarly mixed. Whilst there have been indisputably major shifts in the patterns of

production, population and labour in certain regions (Cochabamba, Santa Cruz and the Beni), and the officially sanctioned circulation of narcodollars has contributed significantly to mitigating the effects of the depression, there was no escalation of mafia-led violence on the scale witnessed in Colombia or, under rather different political and productive conditions, Peru. Equally, *narcotráfico* is not only based on legal cultivation of coca (in all areas until late July 1989; legally, only in the Yungas of La Paz thereafter), but it has also failed to produce distinct cartels. Rather, insofar as the capital flight of the 1970s and early 1980s has been reversed, its assets have been recirculated through established structures and activities. In the same vein, it has deepened rather than extended previous systems of kinship-patronage and corruption, building on existing modes of illegal practice in the armed forces, police and leading political parties in a relatively 'unpartisan' fashion. The legacy of the open association of the military regime of 1980–82 with the cocaine trade has been a pattern of discreet infiltration – not the much-vaunted 'takeover' – and, with several honourable exceptions, a response to US pressure that follows the logic of *'obedezco pero no cumplo'* rather than decisive action. Although between 1984 and 1987 the US changed the emphasis of its policy from halting trade in cocaine to reducing production of coca, the terms it demanded of La Paz on both counts could not possibly have been met without destroying both the constitutional order and the economy – a fact clearly understood, if never admitted, in the US embassy.

Finally, debate over the defeat of the left has frequently suffered from the *schadenfreude* of disillusioned fellow-travellers and closet reactionaries. Both they and the honest celebrants of the collapse of radicalism may properly identify this in the left's own terms – the structures and discourses derived from 1917 and 1952 – yet these must also be assessed in the light of the weaknesses of the right and those features of the new conservative order that have preserved the need for (and incidence of) popular mobilisation at the same time as they have altered its forms. Although the defeat of traditional radicalism was given a definitive character first by the association of *both* the COB and the parties of the left with the chaos of the UDP period, and then by the effective dismemberment of the miners union (FSTMB) following the 1985 tin crash, the moral authority of the left has been far less damaged than has its social project. An apparently minor compensation that might be deemed intrinsic to such a decisive setback in terms of power-politics, this is, in fact, a matter of considerable consequence in a country where the state imbricates closely with civil society, where the left has a minimal tradition of violence, and where the left's failings were seen (with some justification) to result from it being 'out of date' in its methods rather than wrong in its ideas.

Thus, after 1985 the right exercised the political power given it by the electorate with both flair and decision, but it failed to establish hegemony; at best it won acquiescence, which is a necessary but insufficient condition for hegemony. At the same time, it signally failed to institutionalise either the fragile consitutional order or its own domination. *'Concertación'* proceeded

by pacts, yet these pacts depended upon a division of the administrative spoils of the state between parties that had very diverse histories but minimal ideological differences.

The failures of the left between 1982 and 1985 provided the right – including the MIR – with neither the necessity nor the incentive to engage in any compromise beyond cabinet alliances. This certainly enabled the deflationary programme to be imposed without great difficulty, yet by the time of the 1989 election campaign the contradictions of such an unchallenged dominion had been laid fully bare. Not only was the 1985 MNR-ADN ‘Pacto por la Democracia’ broken on the premise – in the words of MNR Foreign Minister Guillermo Bedregal – that ‘pacts are made to be broken’, but the right also found itself engaged in a three-way internecine conflict resulting in a so-called ‘*triple empate*’ (very roughly a quarter of the votes for each of the ADN, MNR and MIR) that could only be managed by electoral malpractice and a 12-week circus of offers and counter-offers over the spoils of state in an effort to secure the presidency through a vote in congress. This process involved a suborning of the judiciary that paralleled the extraordinarily prolonged and inefficient ‘trial’ of the leading figures of the 1980–82 dictatorship, most particularly General García Mesa, who happily absconded in the middle of deliberations. In short, the final months of the 1985–89 MNR administration witnessed an outbreak of *politiquería* of such proportions that the right came close to losing its already tenuous claim to uphold constitutionalism, whatever its successes on the economic front. The majority of the left stood paralysed before this scenario, but a three-week hunger strike by two young radical leaders – Roger Cortez (Partido Socialista-1; PS-1) and Víctor Hugo Cárdenas (Movimiento Revolucionario Tupaj Katari de Liberación Nacional; MRTKL) – in protest at the fraudulent cancellation of 14 election results (including their own, but also those of all other parties bar the MIR, which was the principal force ‘managing’ the 1986 election law it had sponsored in congress) not only drew widespread sympathy but also signalled the potential for a radical renaissance within the constitutionalist framework.

This preliminary qualification to a broadly-held view of the primary qualities of the transition to constitutional government highlights the importance of those aspects of politics that are not immediately competitive and relate to what we might call the moral economy of public conduct.⁶ On such a non-partisan plane the Bolivian experience of transition proves more complex and fragile than many care to admit. Seven years after it had been installed, the critical issue with regard to the consolidation of parliamentary democracy was whether this could be ensured through the dominance of forces that had little to do with its initial restoration and which were content to maximise the advantages of their economic policies without attending to the institutional and ideological fissures bequeathed by the collapse of the traditions of 1952. The administrations of Siles and Víctor Paz were largely able to camouflage this structural weakness (one of the few characteristics that they shared), but it remained far from certain that a third regime, bereft of

a historical discourse and the privilege of catharsis provided by initial bouts of redistribution or deflation would prove capable of ensuring stability within or without the parameters of the 1967 constitution, which was, after all, the product of a military regime.

It is, of course, entirely plausible to view the prospects for the 'Gobierno de Unidad y Convergencia' headed by Jaime Paz Zamora and dominated by the ADN in a much more favourable light. It may be argued that the decision of General Hugo Banzer to withdraw his challenge for the presidency twice in four years justified the ADN's claim to be a paragon of democratic virtue. Equally, the final realisation of the longstanding slogan '*Jaime Presidente*' can be seen as vindicated both in terms of the MIR's claim to represent a new generation of political actors and its capacity to abandon the impedimenta of its erstwhile radicalism. (The claim was not without some foundation, although it was often forgotten that Paz was over 50 when he donned the presidential sash; the capacity was irrefutable but cost the division of the party.) Collaboration between what were normally viewed as the traditional right-wing and social democratic forces in the national political spectrum could also be presented as a mature strategic decision to introduce a modicum of flexibility into the austere economic policies incarnated in Decree 21060 of August 1985 without permitting a wholesale rush into inflation. Finally, a broader apologia for the formation of such an administration may be based on the fact that although its component parties came second and, by some margin, third in the election of May 1989, their combined vote was within 5,000 of the maximum achieved by any two candidates and did not, therefore, represent a significant abuse of the 'popular will'.

Against such a view, it is worth noting the extraordinary incoherence of the Paz Zamora regime, composed of parties whose origins – in 'neo-marxism' and military dictatorship respectively – were not just polarised but had led to proscription and blood-letting over two decades. The absence of any significant accord prior to that signed two days before the congressional election of the president suggested that while such differences might have been radically reduced over the years, they had finally been papered over for the purposes of obtaining office rather than as result of a more profound ideological convergence. In this regard, the strident electoral campaign of the MNR, and particularly Sánchez de Lozada, provided a more persuasive case for an 'exclusionary alliance', indicating the limited political space available to the dominant bloc and the acrobatics required to operate within it at the same time as maintaining the pretence of competition. (In practice, personalism accounted for almost all of the competitive spirit of the affair; the high profile given by the MNR to 'Goni' permitting the MIR-Nueva Mayoría fully to exploit its dependence on the figure of Jaime Paz and thereby hustle into the backroom any lingering vestiges of social democratic ideology).

In short, the 1989 poll obliged the right to take its differences into government. Yet for many – perhaps a majority – of those who voted for the MIR and the ADN the purpose of their ballot was precisely to exclude the other

from office. Moreover, this sentiment was strongly echoed within the rank and file of both parties whilst recompense in the forms of jobs and favours – *pegas* – was naturally reduced by the alliance despite the creation of two new ministries. At the same time, a bedraggled left could view with some relief the prospects provided by a fusion of ‘opportunists’ and ‘authoritarians’ that combined (misguided) popular fears of a return to the economic policies of the UDP (with which the MIR was still associated) and the political system of the Banzer dictatorship (with which the ADN, as a ‘vertical’, if not personalist, organisation was even more closely associated).

Although superstition is by no means the first victim of modernity or a negligible factor in politics, it is perhaps a touch sour to note that when, during the congressional debate of 4 August 1989 to elect the new president, ex-deputy Víctor Hugo Cárdenas sought to support his rejection of the rigged results of the May poll with a quote from the scriptures, it was discovered that the bible upon which the new members of the legislature had sworn their oath was, in fact, a missal in Latin, unintelligible to all. At the time, this incident provoked some levity, but as the notably inferior contributions from the floor dragged on until seven the next morning there was comment in the *barra* that the next four years would be based as much on ignorance as on blind faith.

This paper is organised in two sections. For reasons of space it is not possible to provide a proper narrative for seven highly eventful years. As a result, these are presented in the form of a synoptic chronology (Appendix One), which, together with the statistical appendices, gives at least an idea of the principal developments of the period that are discussed in very general terms in the first section. Of course, this arrangement is less than ideal, even for a research paper. However, it may perhaps be excused on the grounds that it at least makes available the basic record and facilitates the opening of discussion.

Background

Discussion of political transitions – broadly understood here to signify changes of governmental system – cannot be limited to factors of conjuncture and agency, although these are the most apparent constituents of a phenomenon in which elements of rupture are more pronounced than those of continuity. This is especially true of Bolivia, where, as has already been inferred, modern politics can be described as a ‘continuity of ruptures’. Some sense of this may be gleaned from Table One.

Table 1: *Bolivian Governments, 1952–1982*

1952–56	Víctor Paz Estenssoro (MNR)	April 1952 National Revolution; popular mobilisation; major mines nationalised; agrarian reform; rule by decree; rightist opponents repressed; inflation.
1956–60	Hernán Siles Zuazo (MNR)	‘Semi-open’ election; deflation; army rebuilt; right and left opposition harassed; centralist control of MNR; COB in retreat.
1960–64	Víctor Paz Estenssoro (MNR)	‘Semi-open’ election; economic stability; COB subordinate; MNR divisions grow; army role increases; left harassed.
1964	Víctor Paz Estenssoro (MNR)	‘Semi-open’ election; MNR splits; army becomes main political arbiter.
1964–69	René Barrientos Ortuño (military)	Coup, followed by repression of COB and left; military-campesino pact; economic stability with opening to foreign capital; 1967 constitution; controlled congress; short-lived guerrilla; massacres in mines.
1969	Luis Adolfo Siles Salinas (PDC)	Vice-presidential succession after death of Barrientos; effective military rule.
1969–70	Alfredo Ovando Candia (military)	Coup; ‘nationalist’ military rule with mixed cabinet; short-lived guerrilla; left recovers in conditions of semi-legality.
1970–71	Juan José Torres (military)	Coup; ‘left nationalist’ military rule; COB-dominated <i>asamblea popular</i> ; political polarisation.
1971–78	Hugo Banzer Suárez (military)	Coup; right-wing authoritarianism; military alliance with MNR (Paz) and FSB to 1974; 1974–8 ‘institutionalist’ regime under personalist control; COB and left repressed; collapse of military-campesino pact; economic growth; progressive indebtedness.
1978	Juan Pereda Asbún (military)	Fraudulent election followed by coup; weakened dictatorship.
1978–79	David Padilla Arancibia (military)	Coup; ‘benign dictatorship’ by army constitutionalists.
1979	Walter Guevara Arce (PRA/MNR)	Elected by congress after failure of Siles (31.22%) and Paz (31.13%) to secure victory in poll; weakened executive.

1979	Alberto Natusch Busch (military)	Coup; 16-day dictatorship defeated by worker, congressional and US opposition.
1979–80	Lidia Gueiler Tejada (PRIN/MNR)	Appointed by congress; weakened executive; attempts at deflation.
1980–81	Luis García Mesa (military)	Coup, following UDP victory in elections; left repressed; ADN militants serve rightist dictatorship tarnished by support from <i>narcotráfico</i> .
1981	Military Junta	Coup, following US and military opposition to García Mesa and Interior Minister Luis Arce Gómez; left remains repressed; military divided.
1981	Celso Torrelio Villa (military)	Internal coup; army hardliners retain power but adjust policies to US demands.
1982	Guido Vildoso Calderón (military)	Institutional agreement; hardliners lose power to ‘transitionalists’; curbs on COB lifted; economic crisis deepens.

A number of very broad points signalled by the table and relevant to an understanding of developments after 1982 deserve further emphasis.

i) Governmental stability was not primarily associated with constitutionalism, still less with the holding of elections.

Insofar as such an association can be stipulated, it applies only to the period 1899–1930 under the *ancien régime* of the Liberal and Republican parties, during the domination of the tin oligarchy, prior to the introduction of universal suffrage and with exceptionally insecure terms of competition.

From 1956 the MNR presided over a full and formal constitutional apparatus. However, this was heavily manipulated, coexisted with important mechanisms of ‘popular’/party control (militias; secret police; expanded syndicalist *fueros*), and reflected – even encouraged – political instability from 1960 onwards.

The *banzerato* of 1971–78 was profoundly anti-democratic in character and, in line with similar regimes in the Southern Cone, postulated a direct relationship between stability and the absence of political competition and civil liberties.

ii) Constitutionalism was broadly viewed as intrinsically weak, highly vulnerable to alternative means of expressing corporate interests, and more of a mechanism of truce/transition than continuity. It was not closely identified with the interests of any social class.

After 1964 the *fuero sindical* had been suppressed under dictatorships but also

respected by some military regimes, notably Torres but also Padilla, and was not intimately associated with a full division of powers. The union movement had historically gained most under 'bonapartist' regimes (Busch, Villarreal, MNR, Torres). Similarly, the right had flourished under authoritarianism (1946–51; 1964–69; 1971–78) and found itself critically divided in 'open' elections (1951; 1960; 1964).

As a result, civilian conservatives were accustomed to 'knock on the barracks door' and service military regimes whilst many on the left continued to place hopes in 'progressive' officers right up to the early 1980s. (Outside of the COB leadership – vulnerable but divided over this issue since 1964 – the Communist Party (PCB) and MIR were the most prone to this option, particularly in 1979–81.)

The first election since 1951 for which the result was not, for various reasons, a foregone conclusion, was that of 1979. In this respect, the most important feature of constitutionalism was greatly diminished in the popular eye.

Such a trajectory meant that it was not just extremist political actors but broad sectors of civil society that harboured substantial doubts as to the value of constitutionalism in modulating antagonistic social programmes for any significant period of time. It was identified with stalemate, not consensus; it lacked hegemony.

iii) By the late 1970s the political legacy of 1952 had become dissipated to the degree that no single electoral front could secure a victory in terms of its identification with the Revolution. At the same time, both the right and the left lacked the ability to break from minority electoral status on their own. As a result, party alignments remained very fluid and dominated by pragmatism.

From 1978 to 1983 this process revolved around three insecure nuclei:

a) on the right, Banzer's ADN, the most constant formation but still prone to militarist overtures and limited in its popular appeal by both its conservatism and the authoritarian past of its leader;

b) on the centre-right, Víctor Paz's MNR, bolstered by its association with 1952 (particularly in the *campo*) yet limited by Paz's erstwhile collaboration with Banzer, and a significant right-wing current still amenable to cooperation with the military; alliance with Oscar Zamora's 'maoist' PCB-ML counteracted these tendencies to a strictly minimal degree and after 1979 was of greater regional than ideological importance (Zamora, like the Paz family, is from Tarija; in 1989 he backed the MIR-NM and became minister of labour);

c) on the left, Siles's MNRI, which compensated for a lesser inheritance from the revolutionary era with its progressive stance from the early 1970s. However, the party was less disciplined and emphatically led than the MNR and depended heavily upon its alliance with both the 'modern' left (MIR) and that of more orthodox hue (PCB), which alienated other important radical currents (particularly the PS-1) and made the front the least stable of all, reliant

on tactical as well as conviction voting by many members of the COB.

It is not until 1982 that these currents are able to operate with significant independence from the officer corps. They failed to establish any viable coalition government before October of that year; and at no stage between 1979 and 1989 did an electoral front win a clear mandate at the polls.

As a consequence, exceptionally fluid terms of competition aggravated ideological differences to spur organisational division, a multiplicity of tactical alliances, and a progressive erosion of political affinities constructed over three decades.

iv) The military remained critically divided between 1978 and 1982.

A number of factors are evident here: antipathy to Banzer's personalist rule; the endurance of a subordinate 'progressive bonapartism' (derived not only from the 1930s and 1940s but also from the influence of the MNR and the impact of the Velasco regime in Peru); the competitive influences of, particularly, Argentina (anti-communism) and the US (anti-*narcotráfico*).

v) Syndicalism continued to exercise considerable popular authority.

Although the COB leadership consistently desisted from pursuing the central objective of its 1970 programme to establish a popular, socialist democracy, the rank and file were centrally responsible for mass opposition to militarism between 1977 and 1982. This not only enhanced the COB's legitimacy but also heightened that of direct action although it was now in significant contradiction with the end – constitutional government – to which it was employed.

The anti-dictatorial struggle was, therefore, not only conducted along traditional corporatist lines, it also enlivened expectations of economic and political reorganisation that were singularly at odds with the objectives and capabilities of the major political parties.

vi) The violation of human rights and culture of violence followed a pattern distinct from that elsewhere in the Southern Cone (except Paraguay).

The left had a very marginal history and culture of violence; guerrilla-ism was insignificant as a factor either in generating dictatorial government in the first place or in overthrowing it. Whilst appreciable, the level of terror under Banzer was notably lower than that in Chile or Argentina. That under García Mesa was temporarily of a comparable level but occurred after two years of struggle, without US support and amidst extreme military division over paramilitary activity organised by Argentine 'experts' and foreign fascists. Active resistance continued throughout and fear was not systematised.

As a result, constitutionalism was not as closely associated as elsewhere with either a 'setting of scores' or 'peace at any price'. This was a two-edged sword. On the one hand, it facilitated military acquiescence in transition through the scapegoating of very few individuals (excluding Banzer – unsuccessfully charged in congress in 1979 – and García Mesa's associates bar members of the

cabinet). On the other, it reduced the cathartic and consensual qualities of civilian administration in the immediate post-dictatorial period.

vii) The chronological pattern of 'redemocratisation' was at variance with that elsewhere.

Pressure from Washington and mass mobilisation from late 1977 produced what was, in regional terms, an early experience of transition, without a graduated '*apertura*' or support from neighbouring states (except Peruvian neutrality). Recidivist militarism thereby gained critical external support, notably from Argentina. The left, by contrast, was in a position to be spurred by the example of the Nicaraguan revolution (notably in November 1979).

The eventual inauguration of Siles in October 1982 more closely fits the regional pattern, but it should be noted that he entered office having won elections held in 1980 on a platform ill-suited to the new political and economic conditions. Unlike the pattern elsewhere (but not in Ecuador), the left took office before the right, which actively sought such an outcome once militarism was clearly doomed.

viii) The role of Washington was important but not decisive.

Under Carter, pressure on the military was forthright and spurred reactionary nationalism. However, conservative expectations of fulsome support from Reagan were dashed by the cocaine issue, which obliged continued policies of containment despite the relative strength of the left.

This combination had the effect of curbing left-wing nationalism and enabled the US to maintain a relatively low profile, relying less on 'intervention' than on 'benign non-collaboration'. Both before and after 1982 the effect was eventually decisive but slow to emerge.

ix) The military regimes did not attempt to introduce a neo-liberal economic model.

Despite fierce efforts to suppress wage costs, occasional endeavours at privatisation, (unrewarding) concessions to foreign capital and general adhesion (up to 1978) to IMF directives, the military maintained the MNR's statist approach. Its constituency was upheld through reapportioning the surpluses, contracts and loans accumulated through the post-52 public sector exchange rate policies favourable to agri-business and proscriptions of trade unions.

This pattern was facilitated by the price and loan boom of the mid-70s, which terminated in the midst of the transition. Restoration of civilian government occurred within weeks of the 1982 debt crisis and after 24 months of extensive pillaging of public finances (through both old-fashioned larceny and the raising of dubious loans).

Economic and political 'logics' were, therefore, as elsewhere, 'out of sequence'. Yet Bolivia was partly distinctive in that no major orthodox deflation-

nary offensive had been attempted prior to redemocratisation; this option thus remained pending. (A broadly similar position obtained in Peru in 1980, but under much more favourable circumstances; even in 1989 the Paraguayan economy remained singular enough not to admit to ready comparison; one might argue about the degree of ‘shock’ inflicted by Martínez de Hoz in Argentina, but if it was more modulated than in Chile it was certainly more concerted than any policy hitherto essayed in Bolivia).

- x) The period of transition itself witnessed no significant ‘new social movements’ to which its success might be attributed.

It is the case that the *campesino* movement acquired unprecedented weight and independent organisational form in the CSUTCB in 1979, but this development upheld in more radical form many of the ‘traditions’ of *altiplano*, restoring some of the diminished influence of the rural majority. It did not represent a major shift in socio-economic structures, and neither did it produce a decisive realignment of political power or patronage; radical expectations for this were soon dimmed by the MNR’s resurgent electoral appeal and the latent anti-communism of *katarismo*.

The issue of formal, national political power was decided between 1977 and 1982 very much in terms of established forces and discourses. It was only after 1983/4 that the parameters of collective identity and organisation – in both town and countryside – began to register significant change. However, it should be noted that a) the growth of the 1970s had expanded the urban middle class, providing Banzer with a constituency, primarily at the expense of the MNR, and b) the germs of economic change – *narcotráfico* and weakness in the mining sector – were already quite evident in the early 1980s, and both played a part in the transition, even if at that stage through familiar patterns of behaviour and organisation.

The Government of the UDP, October 1982 to August 1985

The popular euphoria that greeted the inauguration of Siles in mid-October 1982 at the head of the UDP coalition (MNRI; MIR; PCB) was not entirely misplaced. The armed forces were badly divided, demoralised, tarnished by association with *narcotráfico*, and now controlled by a determined group of generals who had taken up arms against the dictatorship in 1981, enjoyed US support and clearly favoured civilian rule (even if they were notably sympathetic to Paz’s MNR). The anti-dictatorial mobilisations of September and October indicated a level of support for constitutionalism that cowed the civil police and effectively drove García Mesa’s paramilitary apparatus underground (which, in local terms, meant that they stashed their weapons, kept their heads down and started looking for new jobs; whilst they had, occasionally, acted like the Romanian *Securitate*, they were never treated like them, for good or ill). Although the UDP contained Communists, it was soberly welcomed by Reagan’s White House, received much more resolute European support (particularly from France and Spain) and a clear signal from the conservative parties that they would respect the 1980 election

results. On the international plane, the Malvinas defeat and economic recession had evidently reduced the spoiling capacity of the Argentine junta; Brazil continued to move cautiously towards civilian rule; Peru had already achieved it. Ecuador, Colombia and Venezuela all offered forthright support; the military's previous aggression towards the Andean Pact had bred abnormally warm sympathy for the civilian opposition, of which Siles was the clear figurehead.

Nevertheless, from its first day in office the new government faced considerable problems. Official figures for the third quarter of 1982 indicated a major economic crisis (see Appendix Two) while estimates for capital flight in 1980 and 1981 stood at \$370 m. and \$347 m. respectively – more than a third of legal export earnings.⁷ The UDP largely owed its restoration to power to the COB, whose rank and file had borne the brunt of the repression, had been unable to defend their wages against an inflation rate of nigh-on 15% per month, and were both well organised and in boisterous mood. Although the PCB was in office (ministries of labour and mines), its capacity to influence the independent majority of the COB leadership and a traditionally suspicious membership was very limited. Equally, control of the executive was qualified by the fact that the UDP lacked control of congress, where the informal MNR-ADN bloc possessed an effective majority in the Senate and was very close to one in the House of Deputies. Fully aware of the pitfalls this threatened, Siles had resisted acceptance of the 1980 poll result and insisted upon new elections that would reflect the state of public opinion after two years of military rule (including the collaboration of senior *adennistas*). In this he was supported by the PCB, which called for fresh elections in December 1982. However, the MIR, whose Jaime Paz Zamora held the vice-presidency, joined the right in demanding an immediate ratification of the 1980 result under the slogan 'el hambre no espera'. This, together with manifest differences of opinion within the MNRI, signalled important tensions within the alliance even before it had entered office. At the same time, *institucionalista* control of the military did not extend to a purge of the officer corps beyond those very few figures publicly associated with *narcotráfico*. If the armed forces were, as a whole, compliant, there were still at large, and in important commands, officers appalled at the sight of the PCB taking cabinet portfolios. Moreover, the cocaine trade had not diminished at all, and the administration faced major – if not insuperable – difficulties in subduing it, with or without US support (which it clearly sought to avoid).

Finally, although Siles's frail appearance and gentle comportment contrasted favourably with the brusque demeanour of the soldiers who had preceded him, providing an avuncular image suited to a new era of consensus, it soon became clear that he lacked resolution and control over his cabinet, party and coalition allies. Despite enjoying broad sympathy, he was scarcely even *primus inter pares* within the government – a position of critical weakness with respect to managing the inevitable rush for the spoils of office (never enjoyed by the MIR and PCB, and not for over a decade by the MNRI) and still more so with regard to upholding executive authority

against a congress that was able to mask its ideological enmity with demands for a full division of powers.

Siles saw his political role as one of averting conflict at all costs and maintaining public order without resort to violence. His past clashes with the COB, strong commitment to pacifism, and dedication to consensus politics betokened an outlook that was supremely suited to the tone of civilism and no less ill-suited to giving it substance. However, if the president's disposition aggravated the fissures and confusions within the UDP, these were equally the result of objective circumstances over which even the most determined government would have had little control. It should be noted here that comparisons between the UDP and MNR administrations are invidious insofar as Víctor Paz took office after Siles had endured a swathe of political problems that were intrinsic to any first post-dictatorial administration – a fact that could not have been ignored by the right when it supported the UDP's entry into government. (In this respect, the MIR rapidly learned an invaluable lesson, for which it paid a high price as a party but a rather low one in terms of its most ambitious leaders). Siles's preferred option was not only at variance with popular sentiment, it also appeared to be sectarian and ran the risk of prolonging the stalemates of 1978–80. The right, by contrast, could maximise the advantages of opposition and what in technical parlance could be described as a 'depressed learning curve'. Although it had good reason to fear a flurry of radical policies, it could also perceive that the UDP was in a poor position to meet the very high expectations of the populace.

In sum, the UDP was faced with an unprecedented economic crisis when it lacked internal cohesion, decisive leadership, full military support and control over both congress and the economy's leading commodity, cocaine. It was not, then, surprising that within a year its popular support was greatly diminished and that in less than three it was comprehensively defeated at the polls. However, the scale of that defeat was by no means a foregone conclusion and reflects multiple errors, the opposition of the COB and the resurgence of the right. The trajectory of this decline into confusion, inaction and then effective abdication is outlined in the chronology, but its most pronounced features deserve some further cursory observations.

The Economy

The UDP's economic policies have been characterised – most frequently after Paz's 1985 deflation – as both technically inept and irresponsibly redistributionist. In fact, they were profoundly inconsistent, sometimes attempting stabilisation at the expense of capital and in defence of wages (Nov. 1982; May 1985), sometimes seeking an orthodox deflation that clearly prejudiced labour, even if it did not appreciably assist productive capital (April 1984; Nov. 1984; Feb. 1985). Table Two gives a summary depiction of the principal measures, which may best be understood in conjunction with the appendices. Whilst the abject failure of all these initiatives is indisputable and borne out by the statistics several less obvious points deserve brief comment.

The first is the least publicised by critics on the right: many entrepreneurs/speculators made fabulous fortunes out of hyperinflation by either acquiring cheap dollars from the Banco Central and selling them on the parallel market (which existed throughout, regardless of periodic proscription) or simply 'informally repatriating' dollar savings to the same end. Equally, the consistently – and massively – over-valued exchange rate encouraged enormous profits through contraband, which was a far more 'socialised' activity but still the means for remarkable concentrations of wealth. (In contrast to the crisis of 1954–7, goods remained available throughout, but only a miniscule percentage could be bought at subsidised rates, and there was no real effort, unlike in the 1950s, to exercise physical control over the black market except occasionally that in dollars). The restrictions on the formal banking sector were also off-set by the fact that it took loans at zero interest and extended them at nominal rates, thereby sharing in the government's short-term 'seigniorage gains' made by printing money.

Table Two: *Major UDP Economic 'Packages'*

<i>Nov. 1982</i>	Devaluation: Bs.44.5–200 per US\$ (parallel rate: 250); min. wage: Bs.5,990–8,490 (US\$42); indexation of wages; private banks excluded from exchange market ('de-dollarisation')
<i>Nov. 1983</i>	Devaluation: BS.200–500 per US\$ (parallel rate: 1,200); reduced subsidies on foodstuffs; disputed indexation maintained; min. wage = Bs.30,100 (US\$33)
<i>April 1984</i>	Devaluation: Bs.500–2,000 per US\$ (parallel rate: 3,000); formal indexation halted (av. productive sector wage rise is 13%; 40,000 public sector employees get food bonus at 50% of wage).
<i>July 1984</i>	Basic prices officially controlled; av. 30% wage rise; official limit on debt service repayments at 25% export revenues.
<i>August 1984</i>	Devaluation: Bs. 2,000–5,000 per US\$ (parallel rate: 6,500); dual exchange rate, treasury subsidising rate of Bs.2,000 for 'essential imports'; reduced wage rises.
<i>Nov. 1984</i>	Devaluation: Bs. 9,000 (single rate) per US\$ (parallel rate: 17,000); reduced wage rises; min. wage raised to Bs. 407,855 (US\$20); general wage rise is by factor of 13.55 relative to Nov. 1983.
<i>Feb. 1985</i>	Devaluation: Bs. 9,000–45,000 per US\$ (parallel rate: 160,000); reduced wage rise (bonus of Bs. 3.1 m.)
<i>May 1985</i>	Devaluation: Bs. 45,000–67,000 per US\$ (parallel rate: 275,000); formal wage indexation restored; min. wage at Bs.6.2 m. (US\$21).

Secondly, whilst within months the UDP's management of the economy was badly 'in drift' by seeking simultaneously (and equally fruitlessly) to assuage the IMF and popular pressure, the administration started with a clear strategy that was partly misconceived and partly misapplied. This was

the November 1982 ‘de-dollarisation’, which converted all internal dollar obligations at a rate of Bs.145 and lifted state responsibility for private dollar debts as well as the exchange risk of dollar deposits – realised two days later with a devaluation to Bs.196. The aim here was to secure governmental control of all dollar transactions and fortify the peso; this failed almost at once as foreign banks closed, local institutions shifted their operations to the ‘grey market’, and private savers conducted their business on the parallel market. Confidence in the peso plummeted and the economy was rapidly ‘redollarised’ but now on informal terms with the state entirely lacking control.⁸ The legality of this excessively aggressive measure was rejected by the courts in 1984, by which time its failure was apparent to all – the government began issuing gold and dollar bonds in August of that year – even those members of the COB for whom the *escala móvil* (indexation) was the economic defence equivalent to that of holding dollars for savers (of whom there were a great many with modest deposits who also earned wages and initially supported the UDP).

Thirdly, the UDP’s much publicised resort to increasing emission of notes – characteristic of hyperinflation – should not obscure an equally critical factor: the collapse of public revenues, which fell from 9% of GDP in 1980 to 1.3% in the first nine months of 1985.⁹ Collection time-lags under conditions of acute inflation, together with the fact that some three-fifths of central government revenues were related to the official exchange rate, meant that income fell faster than expenditure. It has been correctly noted that

‘The hyperinflation under Siles was not so much a result of new spending as the inability to restrain spending in the face of falling foreign loans, falling tax revenues, and higher debt service payments abroad.’¹⁰

The notion that the UDP was ‘spendthrift’ is not, then, at all true in the popular sense of the term – the COB persistently made this point – but it may be applied insofar as the government was unprepared or unable – the degree varied – fully to pass on the structural and conjunctural costs of the crisis to the popular sector either through its own initiatives or by accepting those demanded by the banks in return for reducing the external pressure. Once the government’s effort to control dollar deposits collapsed it simply trod water, trying to mediate internal and external pressures only when they became absolutely intolerable. (By 1984 the internal limits of tolerance corresponded to a general strike of more than a fortnight; the external ones extended to the impounding of *Lloyd Aereo Boliviano*’s aged Boeing 707 at Miami airport). Reductions in public investment were thus preferred to those of real wages although the effects were barely slower to emerge and would be full exploited by the MNR after 1985.

The character of the UDP’s ‘packages’ roughly reflects the administration’s political fortunes. Between November 1982 and April 1984 it sought to protect real wages although the COB as well as private enterprise (CEPB)

criticised all the measures of this period, fiercely disputed official assessments of the retail price index, and staged a number of effective strikes at the slightest hint of back-sliding by the ministry (see Appendix One). From April 1984 to May 1985 the administration openly rejected indexation but was obliged at the end of May 1984 to acquiesce in the COB's demand for a formal limit on debt service repayments (although inflation was now so great that this was of little real consequence other than to harden the attitude of the banks, already determined in their opposition as a result of 'de-dollarisation'). This period also witnessed a series of major strikes – particularly the general stoppages of November 1984 and March 1985 – the exceptional duration of which may be partially attributed to the relatively low real cost of lost wages. These destroyed first the UDP's capacity to serve out its term (the agreement of 21 November 1984 to advance elections) and then its hopes for a respectable election result. The May 1985 restoration of indexation (agreed, but reneged upon, in March) was the most palpable indication by the rump of the UDP (now effectively a section of the MNRI and some independent technocrats) that it had lost both the economic and political battles and would 'retreat in glory', complicating life for its successor.

The inconsistency of these policies – both in themselves and as a whole – should not simply be put down to ineptitude or the mesmerism induced by the scale of the crisis. It also reflected political divisions within the UDP, 'de-dollarisation' being essentially a MIR initiative, the 'heterodoxy' of November 1983 to May 1985 being largely the product of independent technicians who tried to move towards the IMF but were forestalled tactically by the left, and the 'final fling', a traditional populist gesture in which the small clique around Siles, exasperated by rightist criticisms that it had pampered the workers, decided to do just that. Equally, while the IMF consistently refused to issue its imprimatur for any of the measures, it is noteworthy that the November 1982 package – arguably the most coherent and radical of all; certainly the most broadly unpopular – was attacked by Banzer for reducing real wages and exacting an unacceptable sacrifice from the poor.¹¹ The MNR also criticised it – a direct quote is permissible in view of later developments – because.

'it does not respond to popular interests but, rather, to the requirements of the IMF...it seeks to reduce the level of internal demand, and in order to do this uses as an instrument a pitiless reduction in the purchasing power of wages.'¹²

In the same vein, following the November 1983 measures, the MNR tabled a bill in the lower house to increase wages by 100%, and this was passed in the Senate with ADN support (although the CEPB, now aware of the costs of political spoiling, reacted with disdain).

Thus, although an orthodox deflation would certainly have represented a surrender of the UDP's programme, the opposition was also fearful of this option and was careful not to pronounce it 'the only alternative' until the government's back had been broken in late 1984. This is understandable in polit-

ical terms, but it should be borne in mind that the right, no less than the UDP, was apprehensive of the high social costs and threat of disorder; it also lacked familiarity with the techniques of managing high inflation (absent from Bolivia for the better part of three decades). Moreover, a significant entrepreneurial sector stood to lose heavily in terms of both reduced speculative opportunities and the inevitable reduction of a public sector upon which it was parasitic. To aver, as has one supposed expert, that Bolivians were either stupid, forgetful or selfish in failing to embrace orthodoxy earlier is to display an unforgivable arrogance.¹³ There were plenty of people – inside the UDP and out – who, by mid-1983, were making technically and morally informed judgements as to the relative social and performance related costs of inflation and deflation. By the end of that year circumstances beyond the UDP's control determined that either could only prevail in acute and sustained form. Profoundly inequitable though the former was, its relative merit – in political terms – was that it was, at least until late 1984, corrosive rather than explosive. Pathetic and acquiescent though the government's position may appear, it was not simply bred of cowardice, and it upheld a shard of its original mandate not to provoke violence, the potential for which would be far greater through a decisive 'u-turn' than through an entirely new mandate. In this respect, then, electoralism was not simply formally desirable but also – from a managerial perspective – entirely necessary.

In the end, of course, Siles did deploy troops, and this initiative (March 1985) undoubtedly prepared the ground for the MNR, which during the ensuing election campaign kept its policy options very vague indeed, simply repeating the now familiar catechism that an agreement with the IMF was essential and more favourable conditions for private capital were the only means by which to resolve the crisis.¹⁴ Mention should also be made of the fact that despite the effective boycott of the UDP by the international banks and the IMF, the US government was apparently unwilling to force the Siles administration into a corner as resolutely as it had in 1956. This was certainly informed by the prospect of a conservative regime and the need to retain anti-cocaine operations, but increases in economic and military aid – from \$19.7 m. in 1982 to \$78.1 m. in 1984 – also reflect the perception that if the Siles government presided over a completely chaotic economy, at least it did so through constitutional means and on terms that were in reality barely less distinct from those demanded by the COB than they were from those espoused by Banzer (whom the State Department, at least, did not greatly trust) and eventually implemented by Paz and Sánchez de Lozada. Demonstration of the costs of irresponsibility were best left to the strictly economic domain; any manifestly political retribution carried an unnecessarily high price.

Whether purposefully or perforce heterodox, the UDP's economic policies did not enjoy even a brief flourish of success, as for instance did those of APRA in Peru. Even the diminished rate of contraction in 1984 may be ascribed to the recovery of agriculture after the climatic ravages of the previous year – a critical if conjunctural setback. In effect, by October 1982 the crisis was already too deep-seated and externally-determined to allow

for remedies that fell short of absolute radicalism. Following the failure of 'de-dollarisation' – that, in terms of both inflation and exchange rates, took nine months to become fully evident (Appendices Three and Four) – the UDP was doomed to manage rather than resolve the crisis although it could be argued in more precise terms that it was not until the second half of 1984 that a 'progressive remedy' was completely beyond hope. Certainly, it was between September and November 1984 that both the COB and the right moved into decisive confrontation with the government and each other, provoking a momentary revival of real wages but also the precipitate calling of elections that deprived the regime of any incentive to engage in structural remedies. At most, therefore, the UDP's political authority to deal with the economy lasted barely 24 months, and it was evident well before November 1984 that such authority would not resist a major challenge.

Politics

The UDP years are widely viewed as a failure of the left both in government and outside it. However, as with the economy, the UDP's social policies were scarcely radical. Indeed, within three months of coming to power it could be said that only the presence of the PCB in the regime upheld any pretence of radicalism, sustained more by rhetoric and opposition attacks than by substantive policy. Nevertheless, when, in November 1984, the Communist leader Marcos Domic defended the alliance in a final, futile effort to avert its collapse, he could legitimately point to a number of identifiably 'progressive' measures.

In foreign affairs relations were established with Sandinista Nicaragua and re-established with Cuba – a matter of anxiety to the high command, which was quick to inspect medical equipment donated by Havana to La Paz's Hospital del Niño on the grounds that it might be used for spying on the *Estado Mayor General* next-door. Relations with the Soviet Union also improved (although, to the PCB's chagrin, the government condemned the occupation of Afghanistan), yet Siles took a very low profile on Central America as a whole. By contrast, an early and unique success was scored with the detention and extradition to France of Klaus Barbie by an interior ministry that promised to be just as competent at such operations as it had been under the military. Although at home the government was soon and justifiably seen to be weak and inactive in dealing with the extreme right, its image abroad was, at least for a while, far more impressive.

Perhaps the most notable and enduring success of the UDP was its health policy, and particularly the establishment of the *Comités Populares de Salud*, which effectively combined a progressive approach to preventative medicine with popular mobilisation in a campaign that eliminated polio and dramatically reduced the incidence of measles within two years through the inoculation of three-quarters of all infants. Indeed, despite the strongly collectivist thrust of this initiative, the right was obliged to recognise its popularity, and promised in the 1985 election campaign to retain the programme. (A

promise that was technically honoured although in practice the committees soon became a conduit for clientism and corruption.)

If it was only in the field of health that the UDP even approximated to what was from its inception (in 1978) an exceptionally vague programme, it should be noted that the alliance itself effectively collapsed within weeks of coming to office. In formal terms the UDP was finally dissolved in December 1984, but it was the departure of the MIR from government in January 1983 that damaged the coalition beyond repair. Although the MIR, and especially Jaime Paz Zamora, staged this exceptionally early rupture primarily for sectarian ends, the plausible ostensible cause was in-fighting within the MNRI and the consequent failure to formulate coherent policy and eradicate the vestiges of the dictatorship's paramilitary apparatus.

The MNRI was indeed badly divided and would remain so to the end, the desertion of one faction led by Samuel Gallardo giving the opposition control of both houses of congress by eleven votes in August 1984. By that stage dissidence was determined principally by the desire to protect political careers, readily achieved by 'rejoining' the MNR, which was ever open to erstwhile renegades and sufficiently lax in its interpretation of 'revolutionary nationalism' not to cause ideological inconvenience for those who had previously cavorted with Communists and lambasted Víctor Paz – a man who harboured grudges with exceptional rancour but dissembled with the affability of a political genius. Opportunist though such moves were, they did not in reality break anything but the organisational boundaries of the MNRI's conduct since the party owed its existence less to a clear programmatic distinction from its forebear than a different set of allies at home and, to a lesser extent, abroad. It revindicated the more progressive features of the 'revolutionary era' and took a more principled stance on dictatorship, but its *modus operandi* remained very similar to that of the MNR.¹⁵ Indeed, this shared clientelist inheritance was at the heart of the MNRI's early fissures (December 1982 to July 1983) when, shortly after coming to office, there was a very public and debilitating controversy over ministerial *feudos* and access to the placid Siles, with further personalist subfractions rapidly proliferating around them (Roncal; Velarde; Gallardo). These divisions were not entirely concerned with the spoils of office; they also related to treatment of the left, the COB and *narcotráfico*. However, the issues at stake never merited the degree of conflict and air of crisis that attended them, and the MNRI singularly failed to provide the discipline and sobriety necessary to contain the contagion of *politiquería*. Siles's personal involvement tarnished his reputation, and it is telling that although the MNR later suffered from comparable conflicts in government, Víctor Paz scrupulously kept himself above them, limiting public pronouncements to the absolute minimum required by the protocols of office (Quite the reverse of his proclivity for personal attacks in previous decades).

Insofar as such disorganisation within the coalition's senior partner affected both the internal temper and external image of the government, it

damaged the MIR and PCB. Yet the difficulties displayed by these parties were by no means reducible to this issue. The MIR came under pressure across the board, from initial disputes with the MNRI over appointments in the customs service, to limiting the damage caused by 'de-dollarisation' and assuaging a rank and file that had suffered sharply under the dictatorship and now saw very little effort being made to settle accounts with the paramilitaries. Although very loose, the MIR's rhetoric was notably more buoyant than that of the MNRI and PCB, and the expectations harboured by its generally youthful following, which had waited four years for power, were correspondingly higher. Moreover, as vice president, Jaime Paz Zamora was closely associated with the administration whilst – true to the traditions of his office – lacking even minimal influence over it. For some 15 months it appeared as if the MIR was reacting as one to its anomalous position of being in the government via Paz Zamora's position and its continuing membership of the UDP yet rejecting places in cabinet and acting – at the very best – as a fairweather friend in congress and the COB. Its attacks on the 'incoherence' of economic policy enabled the MIR to diminish its association with 'de-dollarisation' but also obscured a growing split between the party's right wing (Paz Zamora; Eid; Capobianco) and the more radical current that was itself divided between 'socialists' leaning towards the PCB (Aranibar; Ferrufino) and 'syndicalists' identified with the anti-PCB factions within the COB (Delgadillo). This process remained unclear for over a year in part simply because of the very bluntness with which Paz Zamora attacked Siles and the cabinet – even when he himself was acting as president during Siles's trips abroad – and in part because until mid-1984 the vice president found it easier to support anti-government initiatives from the left, notably the FSTMB's unilateral imposition of *cogestión mayoritaria* in Comibol in April 1983, which he had the temerity to welcome as a revival of the true traditions of 1952.¹⁶ (It should be noted that this stance had the added advantage for Paz Zamora of embarrassing the PCB as well as Siles.)

Both the MNRI and the PCB justifiably distrusted the MIR's motives from the moment it quit the cabinet, not least because this seemed to presage a challenge for dominant influence, if not outright power. However, the MNRI was in no position to launch a complete assault on the *miristas*, and the Communists disliked their replacement by Christian Democrats and independent technocrats as well as maintaining a greater commitment to unity than was recognised outside the party at the time. This, together with the fact that the MIR continued to enjoy appreciable popular support, delayed a complete schism within the UDP and permitted the party's return to government in April 1984. Yet the terms of re-entry into the fold rapidly revealed the tensions that had been gestating within the party itself. From Paz Zamora's perspective there was by this stage nothing more to be gained – and indeed quite a bit to be lost – from continuing to act as a 'trojan horse'. From the viewpoint of the MIR's radical wing there still remained the possibility of rapprochement between the UDP and the COB based on the initial redistributionist policies of the alliance. *Cogestión* had been obtained in Comibol, *cogobierno* was no longer a viable option, the PCB favoured their

re-inclusion, and the right's growing challenge might still be resisted.

Nevertheless, the economic policy agreed by the majority of the cabinet following the MIR's return precisely ended indexation and sought to shift back to orthodoxy in controlling inflation – a telling fact in the light of developments in 1989. As a result, Delgadillo immediately quit both the cabinet and the party, establishing MIR-Masas, which would challenge the UDP within the COB as part of the Dirección Revolucionaria Unificada (DRU). The larger radical group led by Antonio Aranibar rejected this line as misguided in its aggression towards the PCB and its excessive economism. However, if the Aranibar faction appeared to be associated with official attacks on 'ultra-leftism', which escalated following the DRU's gaining of control of the COB at its sixth congress in September 1984, a second split was made inevitable by the polarisation of the final months of that year, the irreversible collapse of the UDP in December, and Paz Zamora's clear intention to stage an electoral campaign based on personalism and a concerted retreat from the party's radical heritage. This led, in January 1985, to the formation of the MIR-Bolivia Libre (MBL), which contained some of the party's most talented cadre and sought to restore the unity of the left under conditions of headlong retreat. The basis for such a recomposition was entirely absent prior to the election, the prolonged general strike of March 1985 exacerbating expectations of dual power through the COB and generating a fierce debate within the left over the viability of constitutionalism *per se*.

As befits its traditions, the internal response of the PCB to its participation in a chaotic and unpopular coalition was more modulated and less public. In terms of collective temperament and ideology the party was better adjusted to the vagaries of 'popular frontism'. However, it suffered the consequences to an unprecedentedly high degree despite the fact that Bolivian Communism had since its inception been obliged to contend with powerful forces to its left. Historically, these had been represented in the syndicalist sphere by Juan Lechín Oquendo, whose careering pragmatism easily embraced calls for armed struggle and workers' power, and in the political realm by Trotskyism; the two had often entered into short but effective 'anti-Stalinist' alliances. Under the UDP the Trotskyist threat was in itself of little consequence. Beyond the university, the Partido Obrero Revolucionario (POR) signally failed to capitalise on popular disenchantment; its clear-headedness with regard to the debilities of the local capitalist economy was accompanied by a remarkable misconception that the radical form of popular mobilisation reflected an equally strong commitment to political revolution. This cardinal error of failing to distinguish between appearances and reality was insufficiently mitigated by explaining several unrealised 'revolutionary situations' in terms of the 'absence of leadership' (either a truism or a damning self-indictment).¹⁷ Nonetheless, if the POR had become petrified by sectarian propagation, the longstanding Trotskyist heritage had left its mark on a large number of activists for whom there appeared to be no alternative other than the COB to counteract the PCB's 'collaborationism' and consolidate a

defence of the working class. Thus, the Communists' problems in controlling the ministries of mines and labour throughout this period extended beyond a loss in rank and file support in the unions to confronting a radical critique of the contradictions of managing a capitalist slump under a proletarian banner.

In the first instance conflict took a familiar form through the FSTMB's occupation of Comibol (April 1983), which the party leadership first tried to avert, then mediate, and finally had shame-facedly to accept and join. After all, *cogestión* had been a leitmotif of the 1952 revolution, was part of the PCB's programme, and enjoyed broad support within its principal union constituency. Moreover, Simón Reyes, one of the party's most prominent leaders, headed the new management structure, which did not in itself damage the popular front strategy and owed more to the *autogestionario* current in the COB than to the party's major political enemies rapidly grouping around Lechín. However, it was not long before what was a containable instance of 'workerism' was exacerbated by economic conditions into an irresistible militancy over wages. Here the PCB was comprehensively defeated by both policy and circumstances. It could not fail to be seen to be defending real wages and yet this entailed strike action against a government in which it was participating. Moreover, by mid-1984 such strikes were patently taking on a politically critical character, incorporating legitimate expectations as well as the 'demagogy' assailed by the party. It is, however, notable that it was only at the PCB's fifth congress in February 1985 – after the UDP had split and the party had left government – that dissidence took open form with a group led by Ramiro Barrenechea and based largely on the youth movement eventually breaking away in August.¹⁸

The role of the COB under the UDP naturally combined popular discontent over the economy with more politically-motivated initiatives by factions of the left for which the organisation has traditionally been the premier site of competition. As noted above, one major axis of this conflict was between the PCB and Juan Lechín, who struck increasingly radical poses as the rank and file lost patience with the government. Although relations between the regime and a COB leadership dominated by forces unsympathetic to the UDP were fraught throughout and never escaped the cycle of devaluation and strike action, they deteriorated beyond repair in September 1984 when the 6th congress of the COB produced a clear polarisation between the PCB and the DRU, which went out of its way to distance formal support for constitutionalism from backing for the UDP (a 'bourgeois government') and continued to insist upon implementation of the COB's emergency plan – complete default on the external debt, full indexation, curbs on capital, and workers' control.¹⁹ The ensuing 20-day general strike in November produced Siles's effective abdication in the Church-sponsored agreement to advance elections.

It was, though, the strike of March 1985 that more profoundly determined subsequent developments, since the week-long occupation of La Paz by min-

ers was unparalleled in its scale and appeared to promise a decisive settling of accounts amidst incessant discharges of dynamite that traumatised the middle class. For several days it appeared that a ‘gentlemen’s agreement’ over elections would be swept away by proletarian activism, redolent of 1952 in its appeal to communitarianism. Whether by design or default, Siles let this wave roll unimpeded until it began to lose impetus. The COB leadership failed to present any new political proposal and, having already rejected the offer of *cogobierno* as a reheated trick of the 1950s, resolutely resisted any more radical option, for which it was even less prepared. Thus, although a state of virtual dual power prevailed for nigh-on two weeks, this corresponded almost entirely to the stamina of the rank and file, prepared to face down the government for pay and denounce elections as useless but not to take state power. When the troops were deployed without major conflict the true limits of syndicalism were exposed. The end of the ‘*jornadas de marzo*’ produced the single most emphatic deflation of the popular movement and the left. Mass mobilisation had not so much failed as demonstrated its essentially conservative character and thus a vulnerability which the right henceforth felt able to exploit by challenging the COB to ‘showdowns’ where the unions lacked an endgame.

In political terms the intransigence of the COB leadership stemmed from an acute anxiety to avert the compromises sprung on it by the MNR in the 1950s. This had instilled such a dedication to organisational independence that the syndicalist vanguard not only held to devices – *escala móvil* and *cogestión mayoritaria* – that optimised its distance from the regime but also preferred the risks of constant conflict to those of a social pact. These instincts were further deepened by prolonged experience of resistance to dictatorship that had enlivened skills of agitation but dulled those of negotiation needed to realise gains from it. Such proclivities had become ideologised less into a discourse of anarcho-syndicalism – although this lay close to the surface – than into a simultaneous celebration and denial of the limits of economism. The political forces seeking control of the COB fell prey to the slogans of its ‘apolitical maximalism’, either by stoking up expectations they could not meet (DRU) or by seeking to fulfil them at a ‘capitulationist level’ (PCB/Escobar). This, of course, is a general pattern, but the political and economic circumstances prevailing in Bolivia between 1982 and 1985 gave it decisive importance within national political life.

The impasse reached in March 1985 was broken in the elections of July, and converted into defeat by decree 21060, driving the left from the centre of politics and transforming what had hitherto been consequential debates over strategy into esoteric theoretical disputes. However, the objective dilemmas and difficulties encountered during the UDP period were clearly immense, and the failure to resolve them outside of slogans reflected the degree of popular pressure on the left no less than it did the political shortcomings of the principal parties. Indeed, in terms of incidence, popular mobilisation continued at an equal – and occasionally higher – rate under the MNR (see Chronology), suggesting that the left was responsible less for

bringing people onto the streets than for orchestrating them once they were there, which was very often. Such matters are exceptionally hard to quantify, but it is telling that between October 1983 and June 1984 – ‘quiet’ at a national level by dint of the fact that there was only one 24-hour general strike – there was a total of 554 officially registered industrial or social ‘conflicts’.²⁰

Urban stoppages and conflicts dominated, but one key feature of this period was increased recourse by *campesinos* to road-blocks (*bloqueos*), which were highly effective, required a relatively slight physical presence, and could not readily be countered except through force, which the UDP only employed with the utmost reluctance. In 1983 and 1984 there were 18 major *bloqueos*, which, following the example first set in opposition to the 1979 Natusch coup, both strengthened the confidence of the CSUTCB and its allied *katarista* currents and also suggested that the political imbalance between town/mine and countryside was being rectified.²¹ In some sense this was true. Even after three decades of urbanisation the rural population remained substantial and could swing an election – a matter of unprecedented importance. Equally, the decline – soon to be collapse – of mining and the expansion of cocaine had already begun a process of migration to and within certain rural areas (notably from the Altiplano to the Chapare) and greatly enhanced both the value of coca production and the resolution with which it had to be defended (see below). Moreover, whilst it was to be some time before the experience of Sendero Luminoso in Peru was recognised to be a major phenomenon, fears of this example imbricating with a resurgent rural radicalism were harboured beyond the ranks of the military.

Yet these factors did not so much underlie a progressive polarisation in the *campo* as reflect a reduction in political control. As in the urban sector, mobilisation and direct action were aggressive but limited in their objectives; *caudillismo* and localism continued to prevail (one reason for the large number of incidents), and if the parameters of the ‘limited good’ were palpably being eroded, they were still tighter than the right feared and the left hoped. Although the fact is often greatly exaggerated, inflation did prejudice rural labour less profoundly than urban workers; the drought of 1983 bred more survivalism than subversion; and the UDP’s chaotic efforts at cooptation through ‘*cogestión*’ (CORACA) increased bureaucratic in-fighting. The end result was sufficient discontent and activism to maintain political uncertainty in the countryside, but not enough for this to alter the balance of power at the national level. The MNR old-guard, well aware that a similar situation had obtained prior to the coup of 1964, subsequently took the line of least resistance, excluding the countryside from its initial tax reforms and delaying introduction of modifications to the 1953 agrarian reform proposed by their technocrats. They still did not escape trouble, but it is probable that this would have been much more serious if the UDP experience had not clearly signalled a threat that had been obscured for several years by military government.

Conservative victories in the polls of 1985 and 1989 have led many commentators and the right itself to overemphasise the degree to which it altered its *modus operandi* prior to the collapse of the UDP. Whilst it is certainly the case that both the COB and the parties of the radical left underestimated the degree and ramifications of conservative compliance with constitutionalism, their failure either to modulate a manichaeian vision bred of two decades of dictatorship or to move beyond a fundamentally cautious and defensive acceptance of liberal democracy was not solely the result of ingrained custom. Banzer's establishment of the ADN and acceptance of defeat in the polls of 1979 and 1980 signalled an important shift, but this had not forestalled the coups of Natusch and García Mesa, and leading *adenistas* served these military regimes. Equally, although the US response to militarism after 1979 was more aggressive than in any other South American country, Washington's influence was far from decisive, and recidivist *golpistas* continued to agitate throughout the UDP period. The degree of their isolation is much more readily appreciated with hindsight than it was at the time. The kidnapping of Siles in June 1984 by elements of his bodyguard and the elite UMOPAR police unit; the 'passive mutiny' by the staff college in Cochabamba against General Sejas for four months in mid-1984; and the abortive rebellion by General Olvis at the end of the year all underscored the fragility of the constitutionalist entente at a time when military dissidence was breaking cover in Argentina and popular mobilisation against the Pinochet regime in Chile had been forced into retreat.

In each instance both the COB and the majority of the left rallied to the defence of the constitution, curbing their offensive against the government. Nonetheless, this desistance from escalating tension in the face of open rightist threats was paralleled by a deep suspicion of reactionary manoeuvres to subvert democratic institutions from within. Denunciations of '*golpes constitucionales*' often reflected reluctance to accept the new rules of governance, but they were not always baseless, especially once the relationship between Siles and Paz Zamora became antagonistic and opened the possibility (March and November 1983) of a 'formal succession', which had in the past been a mechanism for altering governments (1925; 1934; 1949). Eventually, of course, the UDP administration was terminated by an even more overt dispensation with the letter of the 1967 Constitution, against which the left was poorly positioned to complain partly because much of it had called for fresh elections in 1982, partly because the November 1984 accord was signed by all the major political forces and arbitrated by the Church, and in part because there now existed widespread support for any resolution of the stalemate. The right certainly helped to contrive such a situation by insisting on the impeachment of Siles's senior official Rafael Otazo over his discussions with the *narcotraficante* Roberto Suárez, by threatening to impeach Siles himself, and by effectively vetoing the president's amnesty for a handful of leftists captured by the army in the village of Luribay in unclear circumstances and given jail sentences the harshness of which contrasted with the absence of any judicial action over scores of well publicised cases on the right. Indeed, if under the UDP attention remained focused on

the relationship between a debilitated executive and an aggressive legislature, the interested immobility of the judiciary was a factor of consequence well before the disorganised efforts to replicate application of the rule of law in the neighbouring republics with the 'trial' of García Mesa from 1986. Siles's eventual recourse to his traditional tactic of hunger strike in October 1984 signalled an incapacity to secure even a minimum degree of cooperation between the powers of the state, where vested interests remained exceptionally strong even if they had been obliged to adhere to institutional protocols and the strategem of non-compliance.

The nature of Siles's response to his embattlement greatly facilitated the intervention of the ecclesiastical hierarchy, which constituted a peculiar amalgam of the first and fourth estates in that its appreciable authority was expressed through the country's leading daily *Presencia*, under the directorship of the conservative (and soon to be disgraced) Monseñor Genaro Prata, and its premier radio station *Fides*, dominated by the astute anti-communist Jesuit José Gramunt. Both stuck strenuously to the liberal voice that had been developed under the *banzerato* and lay at the core of their legitimacy, but the editorial impetus towards '*concertación*' was vital to sealing Siles's fate in that it provided a non-partisan imprimatur for the less high-minded horse-trading immediately dubbed as the '*golpe eclesiástico*' by the left.

The clergy remained politically divided, but the radical current was poorly represented in an aged hierarchy exhausted by its remonstrations over human rights under Banzer and García Mesa and preoccupied with administering aid and charity programmes amongst the poor, who continued to concentrate their political activity within the orbit of secular organisations. This general pattern – closer to that of Argentina and Peru than Chile and Brazil at that time – deserves a far fuller analysis than is possible here, but mention should be made of the historically weak position of Christian Democracy, which had suffered an early and decisive division in the 1960s and proved incapable of expanding a small confessional constituency. Although the 1988 papal visit witnessed some of the most robust language ever employed by John Paul II on the social question, this reflected the relatively low level of clerical radicalism, the exceptionally severe impact of the MNR's deflationary policies, and a justified perception that the Church no longer faced a challenge from marxism. After November 1984 the good offices of the hierarchy were largely limited to the resolution of sectoral conflicts and almost exclusively directed towards obtaining a modicum of moderation from the government – a role to which it was accustomed and which bore little political risk.

The adroit use of congress by the right took the traditional form of obstructionism. Although there were very few precedents of a conservative legislature assailing a more progressive executive – certainly nothing of the order witnessed in Chile under Allende – conflict between these two arms of the state had arisen in the late 1950s through intra-MNR faction-fighting, re-emerging in 1979–80. The MNR and ADN now stole a leaf from the left's

book to stage a series of censures, impeachments and procedural obstacles that were sanctioned by law and required the UDP to govern by decree-law and ordinance within months of coming to office. No instance was in itself of critical consequence, but the accumulated effect was to cast the government in an unconciliatory light and strengthen the identification of the right with the strict letter of the law. It may be doubted that a great many electors took this to be more than self-serving *politiquería* of the old school. Still, the campaign increased from mid-1984 when the opposition won a majority in congress and immediately turned it to sharp effect with prosecution of the Otazo scandal, which significantly damaged the moral standing of Siles and the MNRI, if not the UDP as a whole.

The manipulation of this affair combined unremarkable hypocrisy – in 1988 senior members of the ADN were revealed to be in close and friendly contact with Suárez – with a more novel exploitation of the media, particularly television. Here it is worth noting that the parallel existence of widespread popular access to television and competitive politics had only previously existed in 1979–80, when the state possessed an effective monopoly over broadcasting (the few, disorganised, university stations being closed to the right). By 1984 this position had changed sufficiently for the right to launch telling attacks on the regime across the board, from the press, where the UDP possessed no popular journal and was supported by none (even the weekly *Aquí* was critical from the left), to the radio, where the proliferation of independent stations diminished the impact of pro-regime broadcasting, to television, where the poor quality of the state channel and chaotic conditions of the university stations provided a commercial as well as political logic to the emergence of a private sector. Although this only came to flourish with complete – albeit semi-legal – deregulation under the MNR, when La Paz enjoyed the dubious benefits of six channels, during the last year of the UDP it expanded public access to the constitutional process. Moreover, it provided the right with the capacity to address a mass constituency that did not read the press or attend the relatively few rallies held by conservative parties. (The MNR remained a ‘closed’ and cell-based organisation whilst the ADN’s more frequent public events were dominated by its youth and tended to be aggressive). In the process, conservative politicians acquired new rhetorical skills, replacing the customary injunctions to sacrifice with a preparedness to field direct questions and engage in frank interviews. The results were not always impressive – Banzer remained a notably poor speaker – but television coverage undoubtedly assisted the 1985 election victory and laid the ground for much more concerted exploitation of the medium thereafter. The left, attached to the culture of mass meetings and pamphleteering, lagged badly even when it possessed access.

The importance of television as an effective ‘journal of record’ as well as the primary medium for political exchange was reflected by the attention given to the televised political forum of May 1985 organised by the CEPB. This event, which in the past would have taken place in the university (with the attendant disputes over access to the right), ratified the emergence of the entrepreneurs’

corporate association as a major political actor, signalling a ‘new right’ that subsequently gained considerable influence – but not outright dominance – in the conservative governments of Paz Estenssoro and Paz Zamora.

Prior to 1982 the CEPB had operated principally as a lobby group and had a lower profile than that of the private mine-owners’ Asociación Nacional de Mineros Medianos (ANMM), which, along with the *ganaderos* of the Beni and commercial farmers of Santa Cruz, campaigned on a sectoral basis rather than through regional chambers of commerce. The CEPB’s rapid rise to prominence under the leadership of Fernando Illanes may be attributed to a number of factors. First, when the UDP entered office it was far from clear that the MNR would consistently support the interests of private capital, and while the ADN was far more reliable in this respect, its political prospects did not look particularly good. Secondly, the inclusion of the PCB in the government and the high profile taken by the COB engendered a genuine fear of expanded state intervention. Thirdly, the rapid deterioration of the economy damaged many productive businesses. Fourthly, low expectations of military intervention prompted local business to ‘go public’ where previously it would have negotiated with officers behind the scenes. This had the added advantage of demonstrating the CEPB’s ‘civic responsibility’, and it tended to give more prominence to the positive promulgation of capitalist ‘common sense’ than to simple expressions of anti-communism, although this was certainly not lacking.

Finally, it has been suggested that economic developments over the previous decade had encouraged the emergence of a ‘new entrepreneur’ – a beneficiary of the expansion of agro-business and cheap credit under Banzer, bolstered by the relative strengthening of private mining (ANMM) and banking (ASOBAN), better educated and less overtly ‘political’ than the generation that had arisen in the 1950s in the penumbra of the MNR’s short-lived but extremely powerful *Célula de Importadores*. It should be stressed that this interpretation is based on only impressionistic evidence and may easily be qualified on a range of points, but it is far from implausible. Leading figures such as Illanes, the Sánchez de Lozada brothers and Ronald Maclean were by no means ‘apolitical’ – Gonzalo Sánchez de Lozada (MNR) and Maclean (ADN) were highly active militants of their parties – but they presented themselves first and foremost as entrepreneurs.²² Relatively young, bilingual and university educated (usually in the US), they eschewed the customary reticence of local businessmen, and possessed strong ties with both foreign capital and professional economists. Moreover, all shared a commitment to neo-liberalism, which by no means enjoyed absolute hegemony within the CEPB but had considerable external academic and political support, particularly from Chile, where these groups had longstanding links. Extreme caution should be exercised in viewing these attributes with relation to interpretative models for the restructuring of other South American political economies in the 1970s, not least because that of Bolivia was qualitatively smaller and more backward as well as being chronically dependent upon revenue from an illegal export. Indeed, it is indi-

cative that the MNR's Nueva Política Económica (NPE) was devised by a Harvard professor (Jeffrey Sachs) and directed by a local businessman who had spent much of his life in the US (Sánchez de Lozada).

As has been noted, neo-liberalism was not rapidly embraced by either the ADN or the MNR, which initially preferred the short-term rewards of berating the UDP for failing to maintain real wages. However, by November 1984 it was clear that the economy would be the most important issue in an election that the right was almost certain to win. Heterodoxy had manifestly failed; true 'shock' had not been attempted since 1956; resumption of relations with the IMF and international creditors had become a priority after March 1984; and the internal opposition to deflation had already exhausted its political resources in combatting a less than radical variant. The principal problem was the adoption and propagation of a mercantilist ideology capable of resisting the inevitable backlash under democratic conditions. Neither the (distant) memory of the 1956–57 stabilisation nor the more recent experience of stability under Banzer provided sufficient conditions for this, although the former undoubtedly recommended the policy to significant sectors of both parties. In the event, the very scale of the crisis compelled the taking of an option that provoked widespread dissent, could only be realised through the use of force, and depended upon *narcodólares* for its success.

The MNR-ADN Alliance, August 1985–1989

Within a fortnight of assuming office in August 1985 the government of Víctor Paz Estenssoro gave Bolivians a new phrase – '*veintiuno zero sesenta*' – that was henceforth to occupy a central place in the lexicon of both daily life and politics. Decree 21060, introduced on 29 August, set a regional precedent for rapid and dramatic stabilisation measures adopted by incoming administrations. (The examples of Carlos Andrés Pérez in Venezuela and Menem in Argentina, both in 1989, most clearly follow the pattern.) Nowhere else in Latin America, however, were the results so emphatic and enduring – the very reason why this decree, alone of all republican ordinances (including those for the nationalisation of the mines and agrarian reform in October 1952 and August 1953 respectively), is known by its number of issue, which soon acquired a status akin to that of an alchemic formula to celebrants and detractors alike. For the government the decree was but the first – if the most vital – step of a 'New Economic Policy', but this term never achieved popular resonance, perhaps because it inferred a superior modernity for the many whom it prejudiced and who were less impressed by the stabilisation it brought to prices than by the acute contraction in jobs and welfare that accompanied it. The results of this were, as the authors of the policy readily admitted, conducive to existential instability and a substantial reduction in the standard of living – neither of which was properly measured or reflected in official statistics.

Although Decree 21060 will undoubtedly dominate both the formal history and popular memory of the 1985–89 government, it was not, of course, the sole issue of consequence – even in the economic sphere, where the collapse of the international tin price in October 1985 and continued *narcotráfico* had a major impact. The axis of political life shifted substantially to the right but despite the relative solidity of the MNR-ADN alliance until the final months of the Paz Estenssoro government, politics was by no means stagnant. The trial of García Mesa; increasing collaboration by the MIR with the administration; the emergence of a ‘cholo populism’ headed by Carlos Palenque; and the holding in 1987 of the first municipal elections since 1949 all interacted closely with popular discontent over stabilisation and its attendant reductions of real wages and public expenditure to make public life both charged and unpredictable. Such conflict was no longer determined by the ‘ultimatum tests’ of both policy and institutionalism witnessed under the UDP. Yet it signalled that, however widespread popular resignation and debilitated the mass organisations, activism remained vital and could not be ignored in either the formulation or implementation of official policy.

The Economy

Sánchez de Lozada’s prescription for economic recovery was one of orthodox neo-liberalism. Under Decree 21060 he sought to obtain a ‘realistic’ exchange rate, decrease the public sector wage bill, free almost all prices, and lift most restrictions on financial operations, including those on dollar transactions. Through Decree 21369 (July 1986) he effectively opened up the economy to full external competition by imposing a uniform import tariff of 20%. In March 1986 the government introduced a major tax reform to enhance state revenue. In August of that year (Decree 21377) Comibol was ‘decentralised’ as a first step towards privatisation; in June 1987 the Caja Nacional de Seguro Social (CNSS) was deprived of many of its central welfare functions. In March 1988 the government declared the ‘decentralisation’ of the Corporación Boliviana de Fomento (CBF) to regional development corporations, and also attempted to devolve responsibility for education to local authorities.

Only some of these policies registered success in their own terms, but all were undertaken with the clear objective of maintaining tight control of the money supply and eradicating the fiscal deficit so as to restore finance flows from the IMF and foreign banks. Although these institutions had long urged both monetarist and free market policies, the Paz Estenssoro government adopted such policies of its own volition, and only later (March 1986) sought external support. The Sánchez de Lozada team was convinced of the merits of ‘shock’, determined to rectify the fiscal crisis in short order, and entertained few doubts as to the methods for ‘restructuring’. Although the Fondo Social de Emergencia (FSE) was established in December 1985, and ‘reactivation’ of the economy formally begun under Decree 21660 of July 1987, the former was but a minor palliative and the latter remained moribund.²³ Despite protestations to the contrary in the period prior to the 1989 poll, the

real thrust of economic management from August 1985 was towards deflationary stabilisation. This was affected in contradictory fashion by both the collapse of the tin price – which facilitated the break-up of Comibol but had a profoundly adverse effect on both export and fiscal revenue – and the continuation of *narcotráfico* – which provided an important source of dollars and ‘informal’ employment, alleviating some of the rigours of contraction, but also bolstering regional inflation and prejudicing US aid. In broad terms it is difficult to deny that the cocaine trade (see below) provided a critical support for stabilisation, and many account it a decisive factor, certainly off-setting the recession in mining. Nevertheless, proper weight should be given to the radicalism of government policy and the resolution with which its core elements were implemented.

The heart of Decree 21060 and its immediate impact lay in exchange rate policy. Here Sánchez de Lozada produced a *de facto* devaluation of the order of 93% by unifying overnight the official and informal rates for the dollar. The official rate was subsequently allowed to float through the mechanism of daily dollar auctions by the Central Bank (BCB). Between December 1985 and February 1986 internal MNR disputes over the degree of contraction this was causing led to some relaxation in control of money supply with the result that the now legal informal rate began to rise faster. However, this was rapidly curbed, and thereafter the official rate shadowed that on the open market sufficiently closely for the general effect to be one of parity. (Appendix Three gives the monthly figures through to February 1986, when the differential became a matter of minimal consequence. Formal reform of the currency took place in January 1987, when the Boliviano replaced one million pesos.)²⁴

The essential corollary to the unification of the exchange rates was a freeze on all public sector wages at pre-devaluation rates. Although the important and complex system of bonuses was consolidated into the basic wage, the impact of this measure was extremely severe. At the same time, indexation and the minimum wage were abolished in both public and private spheres, and legal curbs on redundancy were greatly relaxed. By the first half of 1986 total real wages had fallen to less than two-thirds of their level of the previous year (Appendix Six), those in the public sector being significantly lower. Moreover, the state wage bill was further diminished by the ‘voluntary retirement’ of public sector workers as a result of the massive reduction in real pay. The number of state employees fell by at least 10% within 12 months, the impact being sharpest in rural education, where perhaps 25,000 teachers left their posts.²⁵

The liberalisation of prices that accompanied the fluctuation of the exchange rate produced an immediate increase in inflation as previously compressed prices rose to their ‘real’ levels. In September 1985 inflation was still at 57% per month. But in October inflation became negative as demand all but disappeared and the collapse of the COB’s resistance made it plain that wage compensation would not be conceded. Notwithstanding the flurry

of official nerves (bitterly opposed by Sánchez de Lozada) at the end of the year, the enforced contraction of the economy was secured. In 1986 GDP decreased by nearly 3%, the per capita level by nearly 6%. Overall growth thereafter oscillated between 2% and 3% – that is, barely retrieving the 1984 level – whereas per capita growth continued to be negative in 1987, and barely exceeded zero in 1988. In 1987 formal exports stood at 60% of the 1980 level and were well below those registered under the UDP; reductions in imports proved extremely hard to achieve – narcodollars undoubtedly playing a part – but a trade balance was finally reached in 1988. This did not, however, produce a significant amelioration in the levels of un- and under-employment generated by stabilisation. The first rose almost instantaneously to 20% whilst the second – in many respects more indicative of the health of an economy such as Bolivia's – touched 60%.²⁶ By the end of the government the official level of open unemployment stood at 11.5%, but the real level was undoubtedly several points higher – probably 15% – whilst underemployment had been reduced by a smaller margin.

The central objective of Decree 21060 to eliminate the fiscal deficit was pursued equally vigorously in terms of revenue and expenditure. Aside from the ordained and de facto reductions in the state payroll, a freeze was imposed on all public investment, tight controls placed on financial management, and ceilings on prices either lifted or removed altogether. Here the impact was most marked in the case of the state oil company, YPF, the price of oil and its derivatives being raised from one day to the next by a factor of seven to slightly above international prices. Whilst this contributed to the immediate post-stabilisation inflation rate, it enabled YPF to meet all its tax liabilities and thereby become the principal source of public revenue under the MNR, its contribution to the treasury rising from 12.7% of the total in 1983 to 56.7% in 1986.²⁷

Exchange rate unification depended upon 're-dollarisation' – either directly or through indexation – of domestic accounts and the lifting of all but basic fiscal controls over the banking sector. A key factor in this regard was the maintenance of an open 'dollar window' permitting the circulation of narco-dollars. This legalisation of the 'grey market' undoubtedly bolstered the banks, which also benefitted from processing tax payments and other state transactions. However, the new financial climate did little to suppress existing illegal or foolhardy customs with respect to loans, resulting in a number of collapses and closures as well as the withdrawal, in September 1987, of the banks' responsibility for administering 'reactivation funds'. On the other hand, the government proved more resolute and successful in removing a particularly powerful 'union mafia' from the BCB, restoring a semblance of sobriety to a nominally independent institution which had effectively been beyond the control of its directorate (and the government) for a number of years.

The introduction of the uniform import tariff at 20% took place nearly a year after Decree 21060, and since to all intents and purposes it opened the

borders to foreign commodities, it was predictably criticised by the *Cámara de Industrias*. However, the *Cámara* was a weak lobby and could not win support from the CEPB. Moreover, exporters were provided a modicum of help through a 10% rebate on their inputs. In fact, in 1986 manufacturing industry registered its first positive growth for nearly a decade, having experienced a much deeper and earlier contraction than any other sector. After being driven to the wall by inefficiency, contraband, extremely high interest rates, and formidable foreign competition, a very small and backward industrial sector now began to exploit the suppression of wages, open labour market, and the appreciable spare capacity left by the recession.

The dismantling of barriers to external trade was clearly signalled in August 1985, and by March 1986 the government had already secured the basis upon which to reopen relations with the IMF through the first stand-by loan agreement in the better part of a decade. In June the Club of Paris agreed to terms for renewed repayment of the external debt that, if not exactly as bountiful as the government claimed, were less onerous than some feared. This accord laid the basis for later and much-publicised purchases of debt on the discount market as well as a controversial 'debt for nature' swap. What had initially seemed a strange – even ambitious – step by Sánchez de Lozada and Jeffrey Sachs (who harboured no amity for the banks) to administer the purge on their own first and then petition for help from the banks proved viable.

It is notable that agreement with the IMF was secured two days before Congress approved the 1986/7 budget – the first time in more than two decades that this process had been undertaken. Both the Fund and the government were determined that there should be absolute compliance with budgetary limits, particularly by the state corporations, which had a very long history of exceeding their allocations from the treasury and were the principal source of official debt. In 1986 congress agreed to a fiscal deficit of \$175 million, or 6% of GDP. In fact, so efficient were the government's constraints that the year ended with a deficit of only 4% of GDP, which must have been the cause of as much shock as gratification in Washington; the pupils were proving more zealous than their masters. Henceforth the government attempted, with partial success, to limit adjustments in public sector wages to the budget, but although this acquired unprecedented importance in terms of policy, it failed to become a dominant feature in broader political life, probably because it ceded very little in exceptionally straitened times.

In 1986 the budget certainly attracted far less popular attention than did the tax reform of May which had already been agreed with the IMF. This measure introduced a property tax and a value-added tax on consumption (initially set at 10%). Although both the MNR and ADN had been quick to scupper the UDP's efforts at fiscal reform, it was evident that Decree 21060 needed substantial administrative and legislative supplementation if government revenue was to regain a measure of reliability. Between 1978 and 1983 the ratio of central government taxes to GDP had declined from 11.5% to

2.8%, not least because of collection time-lags in inflationary times. To oversee the new schemes the government established a separate fiscal ministry, but this was soon reintegrated with that of finance, and collection – but not assessment – was farmed out to the private banks. In 1986 all taxes rose to 13% of GDP, and by 1988 they stood at 17.5%; in the same period internal revenue taxes increased from 3.2% to 6.3% of GDP.²⁸ However, this rather impressive scenario should be seen in the light of the fact that between 1986 and 1988 the proportion of central government revenue derived from these taxes rose from 24% to 36% whilst the share provided by YPFB remained at over 50%. Indeed, the Paz government's policy of 'liberating' the corporation's prices and enforcing its strict compliance with fiscal obligations meant that at the end of the decade YPFB's share of treasury revenue was roughly four times higher than at its start. (In the same period taxes on mining fell from 16% to 0.4%.)

Fiscal recovery, then, relied more heavily upon the freeing of prices in a single strategic sector than upon reform. In this regard it should be noted that the majority of urban Bolivians use cannister gas for cooking and were thus directly hit by YPFB's price hikes – a fact made abundantly clear by the frequent impromptu *bloques* of streets by consumers whose empty containers provided most useful impedimenta. Equally, it is of no little consequence that the new property tax was not applied in the countryside, where there were well supported demonstrations against the reform in June 1986 after the government agreed only to delay implementation for one year. Renewed protests in October 1987 forced a further delay, and in April 1988 (Decree 21923) small rural properties were formally excluded from the new regime. However, the 1989 budget restored provision despite the fact that no enforcement took place in an election year.

This official nervousness was not misplaced since in both the altiplano and the valleys there were tangible indications that the proposed tax was suspected of heralding an attack on the agrarian reform of 1953. For many this was more of a concern than the direct financial impact, although the contraction of agriculture throughout the MNR government did not bode well in that respect either. Indeed, it may not be fanciful to suggest that core sections of the *campesinado* viewed the proposal as similar to the measures of the tyrant Mariano Melgarejo, whose 'free market' legislation laid the basis for a concerted offensive against communal lands in the last third of the nineteenth century. Here one might also note that, immediately upon coming to office, the MNR tried to levy a forced loan, which was the standard fiscal mechanism of the last century. This measure was opposed – for sound political reasons – by the ADN, and was eventually rejected by congress in January 1986, not to be heard of again.

The MNR was, in fact, planning to alter the structure of highland agriculture in particular, and in September 1988 it tabled before congress an agrarian development law that proposed, albeit in very vague terms, the reduction of the minifundia that had been propagated by the 1953 reform. These

were correctly depicted as diminishing the overall efficiency of production. Yet if arguments based on economies of scale were irrefutable within the portals of the ministry and its think-tanks, they stood to cut very little ice indeed with those beneficiaries of the reform for whom title was sacrosanct and economic rationality only partly dependent upon input-output ratios. The legislation was withdrawn in January 1989, presumably because it threatened to jeopardise the MNR campaign for the May election. Whatever the reason, the government could scarcely afford to aggravate the problems it was already experiencing in the coca zones, and since Víctor Paz had relied heavily upon the peasantry in the 1950s and early 1960s as a counterweight to the miners and left, he would have been acutely aware of the importance of retaining at least a neutral constituency in the countryside. (In the event, on the basis of a calculation limited to the results of *provincias* – that is, all votes except those of departmental capitals – the MNR narrowly won the 1989 poll in the countryside from the MIR with 165,800 votes against 156,900, but it did not come first in any highland department and was forced into a poor third position in rural La Paz.) In 1985 the MNR had campaigned under the somewhat strange slogan of ‘*agropoder*’, which appeared to be equally addressed to the subsistence/local market and lowland agro-export sectors. However, little was heard of this catchphrase after 29 August and, following recovery from *El Niño* in 1984 and 1985, the recession in agriculture (most of coca and all of cocaine excepted) remained more consistent than in any other sector of the economy.

The crisis in mining was more acute and widely publicised because of the traditional importance of minerals to exports and central government revenue and the fact that progressive decline in the first part of the decade was rapidly brought to a head by the collapse of the tin price (Appendix Five). Although this affected both public and private sectors, the immediate impact on Comibol was by a wide margin the most severe because of its size, relative inefficiency and simultaneous vulnerability to external pressure and direct state intervention. Between 1985 and 1987 both were applied without quarter, with the result that approximately 23,000 workers of a total labour force of 28,000 were made redundant, the core tin complex of Siglo XX-Catavi all but mothballed, total production scythed to a fifth of the levels of the 1970s, and public sector exports halted altogether for a year.²⁹ It is here that one encounters the single most important factor in the decline in legal exports that was, in fact, more pronounced than that witnessed under the UDP: from \$827.7 million in 1982 to \$759.6 million in 1984 against a fall from \$665.4 million in 1985 to \$580.6 million in 1988.

Although the government formally ‘decentralised’ Comibol into regional enterprises (Decree 21377, August 1986), the ministry retained direct control over ‘*relocalización*’, which was too large and conflictive an issue to be managed by small and effectively bankrupt holding companies dedicated to maintaining plant and administering the sale of easily realisable assets to the private sector. (This was also the case with YPFB, where central control was formally stronger and worker resistance to lay-offs more effective).

Throughout the regime the FSTMB and individual plant unions battled over both closures and the terms of redundancy, proffering plans to maintain production and seeking to buy certain camps. However, with the partial exception of the Huanuni mine, the strike was now an impotent weapon and the rank and file divided over whether to defend jobs or fight for the best conditions in surrendering them; this became the central issue dividing the union, the first option generally being supported by the more political currents whilst the second was increasingly favoured by independents whose comrades were often voting with their feet out of resignation.³⁰ As pits were formally closed, *pulperías* left unsupplied, and funds for Comibol's schools and clinics cut off, the diaspora of miners and their families to the cities – principally El Alto and Cochabamba – and the Chapare marked a watershed in the country's industrial history. Even the gradual recovery of the tin price at the end of the decade did little to reverse this process, most of the upturn in production occurring within the private sector.

Whereas decentralisation in Comibol and YPFB amounted to little more than an ideologically convenient fiction, this policy had a sharp impact when applied (March 1988) to the management of the departmental development corporations, education and health. The corporations inherited the regional installations of the CBF with varying degrees of success depending upon existing infrastructure whilst the CNSS was effectively disestablished (June 1987) and sectoral health systems acquired increasing importance as the already impoverished public hospital network was subjected to withering cuts (administered directly through the central budget). As a consequence, the normally cautious medical profession made frequent recourse to strikes and found itself converging with the union movement to an unprecedented degree. (The Colegio Médico, which had been established under Banzer as a strictly professional association, now became the site of rising partisanship.)

This was far more the case with respect to education, where the efforts of the highly unpopular minister Ipiña (who had transferred his allegiance from the MNRI) first to reduce expenditure and then to make the departments responsible for administration and finance, were stalled by both union and regionalist mobilisation throughout the government's term. Indeed, it was perhaps this issue that most effectively concentrated popular antipathy to the consequences of Decree 21060 and damaged the regime's image. By 1989 Ipiña had not been able to realise his reforms and yet he had presided over four years of stoppages, demonstrations, growing truancy and radically reduced school rolls as the combination of absent teachers (notable transferees to contraband and the penumbra of *narcotráfico*) and the demands of maintaining family subsistence drove thousands of children into full-time 'informal' work.³¹

It appears that the government was rather taken aback by this development and failed to appreciate that grudging popular acquiescence in the imposition of mercantilist logic with respect to productive industry did not extend to basic services and welfare, where decentralisation was soon recog-

nised to be cosubstantial with further budgetary decreases and an erosion of entitlement. The fact that education enjoyed a particularly high status and was still an inextricable feature of daily life gave this opposition a notably broad and non-partisan quality. This was channelled through the *Comités Cívicos*, which gained unprecedented authority and support in their battles with a government that was formally committed to devolution and yet strenuously resisted this in practice with regard to payments of the important departmental royalties from YPFB production (long an issue of contention between the capital and the departments). Facing an unexpectedly strong backlash from bodies it had assumed would be compliant, the government retreated and had to accept the political consequences of itself administering cuts from the centre. As was evident from the municipal elections of 1987, the MNR was unprepared for the revivalism of local politics that its economic policy generated.

Coca and Cocaine

Table Three presents the principal public developments in the political economy of coca and cocaine under both the UDP and MNR administrations. From this it can be seen that official efforts to suppress *narcotráfico* were hindered by a number of factors: lack of political will; the strength of the coca lobby; disagreements and inefficiency within the military; and confusion over policy. (It should be noted that the table does not include general, low-scale activity within the police and judiciary.) Such a picture is familiar and, indeed, conforms quite closely to the objections raised by Washington, which in 1986 and 1987 withheld some \$17.5 million in economic aid as a result of failure to meet targets for the eradication of coca.³² (A much smaller quantity of military aid was frozen due to problems with suppression of cocaine). However, the obstacles to this were truly formidable and encompassed much more substantial issues than the debility of the Bolivian state and questionable practices by elements of its servants. Important though these factors are, they remain symptomatic of a more profound crisis rooted in the collapse of the formal economy, popular desperation, and misconceived North American policy and actions. The debate over these issues is as complex as it is passionate, and it cannot be properly rehearsed here. Yet a few brief observations may serve to provide a broad context within which to approach this major phenomenon.

First, it should be noted that the illegal production of cocaine stems directly from the legal production and consumption of the coca leaf in the same country. As in Peru – but not Colombia – the market in coca has been an integral element of Aymara and Quechua society for centuries, possessing important cultural and religious features that could only be criminalised at the cost of a major breakdown in social order. As a consequence, the insistence of the US that *narcotráfico* be attacked via an offensive on coca was from the start riven with problems. Whilst the claim that the ‘free sale in coca is equivalent to legalising the production of cocaine’³³ may be disputed, it is nevertheless the case that during the 1980s the connection became very

strong. Moreover, coca bushes and leaves are more readily detectable than is low-bulk, high-value cocaine paste. Yet in operational as well as political terms concentration upon coca presents sharp difficulties that La Paz tried consistently to avoid and Washington was late and reluctant to recognise.

Table Three: *Coca and Cocaine, 1983–1989*

1983

- April Visit of US Attorney General William French Smith; US-Bolivian agreement to reduce coca production to 'level of legitimate demand'; CSUTCB national *bloqueo* cuts off major cities, suspended upon government agreement to reconsider accord with US.
- June Rafael Otazo meets with Roberto Suárez.
- Aug. Confidential accord with US to reduce Chapare production by 4,000 hectares by end of 1985 breaks April agreement with growers. Government establishes permanent control of transport and sale of leaf, promises 'substantial police presence' in Chapare; US to channel development aid to region.

1984

- Jan. August 1983 agreement revealed.
- Feb. Cochabamba deputies attack agreement as unconstitutional.
- March 2,000 Chapare growers demonstrate in Cochabamba.
- May Congress of Chapare growers demands Supreme Court ruling on constitutionality of agreement with US.
- Aug. Military zone declared in Chapare; UMOPAR deployed. Coca growers' *bloqueo* of Cochabamba; action ends with official agreement not to intervene in coca market; UMOPAR withdrawn from area; military enters for six months. Otazo-Suárez meeting revealed.
- Sept. Sinahota cocaine market halted; trading shifts to Yapacaní region.
- Oct. Government bans shipments of leaf from Chapare and controls movements within it; capture of Suárez ordered.
- Nov. *Bloqueo* of Cochabamba in demand of free sale of leaf and end to military occupation; transport ban and curfew lifted; military withdraw.

1985

- Feb. UMOPAR redeployed in Chapare.
- June Coca price at \$800–850 per *carga* (100 lb.); *bloqueos* of Cochabamba; three *campesinos* killed by police.
- Nov. Ministry of Interior agreement with representatives of Chimore and Chapare growers' federations to eradicate 1,000 hectares by mid-December at \$350 compensation per hectare. Pact rejected by rank and file.
US Foreign Assistance Act for FY 1986 stipulates that Bolivia eradicate 1,000 hectares by end 1985 to receive full aid.

- Dec. 1986 Coca price at \$200–400 per *carga*.
- Jan. UMOPAR camp at Ivirgarzama besieged by *campesinos* after rape of local woman.
- April ‘Fuerzas Unidas’ joint military operations with US forces.
- May Coca leaf price at \$125–150 per *carga*.
- June Growers halt voluntary eradication due to government failure to release economic aid.
- July ‘Operation Blast Furnace’ with 170 US troops and 6 helicopters. Widespread protests; Chapare leaf price falls to \$10–20 per *carga* (production costs at \$30–40); resignation of Ñuflo Chávez from MNR in protest at US troop presence.
- Aug. c.100 hectares eradicated under Nov. 1985 agreement; government petitions US for \$500 million in aid to fight *narcotráfico*.
- Sept. Assassination of scientist Noel Kempff Mercado by traffickers at Huanchaca, Santa Cruz.
- Oct. UMOPAR attacked by populace of Santa Ana de Yacuma, Beni. Official closure of Huanchaca case; accusations of ‘cover-up’ of complicity/inefficiency of UMOPAR and DEA.
- Nov. US troops leave; leaf price rises to \$40–50 per *carga*. Departamento Nacional de Sustancias Peligrosas (DNSP) purged. *Plan Trienal para la Lucha contra el Narcotráfico* published; calls for eradication of 50,000 hectares of illicit coca by 1990, including half of Yungas production; \$320 million ‘reactivation funds’ promised, 80% to come from foreign donors; compensation for eradication set at \$2,000 per hectare.
- Dec. 1987 Negotiations with Club of Paris include aid to fight cocaine trade.
- Jan. *Plan Trienal* introduced.
- March COB declares state of emergency in protest at *Plan*; draft drug law published.
- May Growers demand closure of UN agricultural project in Yungas. *Bloqueos* in La Paz and Cochabamba coca zones against *Plan*; four *campesinos* killed by police, many arrested.
- June Leaf price at \$100 per *carga*. Official agreement with COB, CSUTCB and Yungas and Chapare federations for voluntary eradication; specifically excludes eradication by force and use of herbicides; guarantees legal status of cultivation; effectively nullifies *Plan Trienal*.
- Aug. Publication of US-Bolivian agreement to eradicate 1,800 hectares by August 1988.
- Sept. \$8.7 million in US aid frozen for failure to meet 1986–7 eradication target.
- Nov. *Campesino* leaders denounce government failure to pay credits and provide services under June 1987 agreement.

- Dec. c.1,000 hectares eradicated since Sept. at compensation of \$2,000 per hectare (mostly in Carrasco province).
- 1988
- Jan. Leaf price at \$25–40 per *carga*.
National congress of growers (ANAPCOCA) in Cochabamba suspends voluntary eradication because of government's 'bad faith'.
- Feb. COB-ANAPCOCA-government agreement ratifies that of June 1987, provides for growers' participation in *Plan Integral de Desarrollo y Sustitución* (PIDYS) for coca zones.
- March Chapare growers halt eradication due to alleged UMOPAR abuses and lack of aid.
- April Visit of US Attorney General Edwin Meese; COB hunger strike over drugs law and budget.
'*Narcovideo*' scandal implicates leading members of ADN with Suárez.
- May *Campesino* demonstrations in La Paz and Cochabamba in opposition to proposed drug law defining coca as a 'controlled substance'; ANAPCOCA breaks negotiations with government.
- June Leaf price at \$50–65 per *carga*.
Growers' *bloqueo* of Cochabamba for two days; government offices occupied and 10 Bolivian and US officials held hostage. Suárez dubs Víctor Paz 'the Viceroy of Cocaine'.
Ten *campesinos* killed by UMOPAR in Villa Tunari, Chapare.
ANAPCOCA-government talks collapse again.
- July Drugs law approved by congress; establishes maximum of 12,000 hectares for legal demand, the rest being subject to eradication (at annual target of 5–8,000 hectares); compensation retained at \$2,000. Roberto Suárez arrested, in unclear circumstances, in the Beni.
- Aug. ANAPCOCA congress, Cochabamba, declares non-compliance with law. Leaf price at \$120–130 per *carga*.
- Sept. 120 hectares eradicated since July.
- Oct. Removal of Commander of army's VII Division for selling arms to traffickers; UMOPAR withdrawn from Guayamerín after clashes with populace.
- Nov. ANAPCOCA congress rejects eradication under new law.
- Dec. Total of 200 hectares eradicated in last 12 months.
- 1989
- Jan. Drugs law comes into operation.
Jorge Alderete (as Subsecretario de Desarrollo Alternativo, in charge of coca/cocaine policy) accuses DEA of domination of operations and withholding information.
Publication of extracts of 'narco-cassettes' in London and Madrid ties ADN leader Arce Carpio and others to Suárez; Arce later resigns.
- March Alderete resigns, accusing US of failure to reduce consumption.
- April ANAPCOCA resumes talks with government.

- June Ministry of Interior announces forcible eradication in Chapare from July but without presence of military.
DEA criticises lack of local support in fighting *narcotráfico*. Six killed in Santa Ana de Yacuma in exchange of fire between UMOPAR and navy during operation to detain traffickers.
ANAPCOCA-government agreement ratifies growers' participation in PIDYS.
Cochabamba *campesino* leader Evo Morales arrested and tortured by police for 'protecting' trafficker 'El Cura'.
- July US Ambassador Gelbard declares 'the Bolivian government does not have control over its own territory' with reference to Santa Ana incident.
Drugs law date for forced eradication in Chapare falls due; no action taken or forces deployed.
Government postpones forced eradication *sine die* and calls for fresh talks with growers.
- Sept. PIDYS ratified by new government and given statutory basis in DS 22270; no move on forced eradication.

The sheer scale of coca production presents a major challenge to control. By the mid-1980s Bolivia accounted for perhaps one third of the world supply of leaf, and if estimates vary widely – in 1988 the Bolivian government put production at 155,000 tons from 60,000 hectares whereas the State Department figure was 56,500 tons from 40,300 hectares – they still reflect a significant economic activity that may properly be called an industry.³⁴ Although this tonnage was less than that produced in Peru (and Bolivia's production of finished cocaine lags well behind that of Colombia – in terms of direct imports into the US it probably stood at 15% against 75%), the industry has a far greater impact within the national economy than does coca/cocaine in the much larger and more diversified economies of the other two countries. In terms of revenue, coca production in 1986 was worth approximately \$230 million – or 20% of total receipts from agriculture – whilst income from cocaine was, in all likelihood, in excess of \$600 million – barely less than formal export revenue.³⁵

Sums of this scale do not simply reflect the high price of an illegal substance; in fact, the US wholesale price fell between 1980 and 1988 from \$55,000 to \$15,000 per kilo – the ratio between the prices of leaf and derived cocaine on US streets being of the order of 500:1.³⁶ They also indicate extensive participation in the industry. The estimate of the Bolivian Senate of a total of 80,000 cultivators of leaf in the two core growing zones of Yungas (La Paz) and Chapare (Cochabamba) is not unreasonable.³⁷ However, to this figure must be added at least 25,000 *pisadores* (treaders of leaf), 20,000 other people employed in semi-skilled or skilled work, and at least 1,000 at the upper end of the trade. If the total of growers – identified as heads of family – is multiplied by three to allow for family and other labour, the resulting figure for those engaged directly in production of coca is 240,000 and those in cocaine at over 45,000.

Yet these figures still do not represent the full human reach of the industry, which not only depends upon protection and allied services (legal, financial etc.) but has also generated a dynamic sub-economy of inputs – both at local retail level (e.g. kerosene and toilet paper in the city of Cochabamba) and at wholesale level (ether; sulphuric acid) – as well as local marketing (e.g. through established networks for trading in chicha beer in Cochabamba val and probably affects 5% of the population directly. The population of Chapare – the main cocaine-related coca zone – rose from 27,000 in 1967 to 120,000 in 1985, but even by 1981 over 400,000 people (29,000 vehicles) were entering this region.³⁸ This reflects the importance of seasonal migratory employment, initially undertaken largely through kinship ties but after the mid-1980s increasingly prompted by climatic disruption and economic slump in the altiplano (particularly Oruro and Potosí). These factors, together with the overwhelming concentration of coca production on small and modest plots, bestow a resolutely ‘popular’ character on all but the very highest echelons of the industry.

During the 1980s the price of both coca and cocaine was highly elastic, but even at its lowest level – in mid-1986 – coca yielded a revenue per hectare (\$2,600) four times greater than that from citrus fruits or avocados, with which the US wished to replace it. (At the time of the highest prices – late 1984; \$9,000 per hectare – the ratio was 19:1)³⁹ Simple crop substitution was, therefore, contrary to all economic sense for the growers. Equally, government purchase of leaf – the main UDP strategy – could not match ‘real’ prices, and official compensation for eradication was, at \$2,000 per hectare from early 1987, well below the growers’ demands, which, at \$6,000 were realistic in terms of ‘opportunity cost’ if not in terms of the state’s capacity to pay. The incentives to abandon an activity that provided a modicum of security against the process of pauperisation coursing through the rest of the economy were minimal. (This applied even more within processing, where a *pisador* could earn in a night more than a schoolteacher did in a month).⁴⁰

These major obstacles to both criminalising and suppressing production were accentuated by the fact that in those areas where the trade was largely in the form of semi-processed or (occasionally) finished paste – principally Santa Cruz and the Beni – the state was unusually weak and the control of wealthy *narcotraficantes* strengthened by longstanding traditions of contraband and landlord patronage. Here conspicuous consumption was complemented by significant expenditure on infrastructure and services, enhancing popular support for the trade and raising the threat of social conflict no less than was the case in the core cultivation areas (eg popular resistance in Santa Ana de Yacuma, San Borja and Guayamerín listed in Table Three).

More broadly, the close association of the military regimes of 1980–82 with *narcotráfico* had not, principally for the reasons cited above, generated widespread repudiation of the industry as a whole. On the contrary, as the economic crisis deepened under the civilian administrations it acquired a

measure of legitimacy, and the political scope for attacking it diminished significantly except in two respects. First, the pressure from Washington was considerable and required some form of response. (The real impact of moral pressure was negligible until mid-1989, when the scale of killing by the Colombian *narcos* engendered genuine revulsion and sympathy for the plight of that country; as a result North American sermons were treated with rather less disdain). Secondly, outside of the Oriente the leading traffickers were popularly viewed as corrupt *arrivistes* as well as major beneficiaries of the dictatorship; outside of their own regions they could not bank on much sympathy, still less stage a political campaign under their own colours. Yet, if suppression in general threatened to close off a critical economic safety-valve, compliance with US demands raised authentic problems with regard to sovereignty and claims on national pride. Equally, the failure to conduct all but the most token purge of the military and civil service after 1982 meant that many who were subsequently charged with directing suppression were simultaneously benefitting directly or, more often, indirectly from the trade. Thus, in addition to the overwhelming economic and logistical problems – never resolved despite appreciable US assistance – the governments were faced with an acute ideological challenge.

One notable feature of this was the convergence of interested parties on the right with the left in objecting to suppression on anti-imperialist grounds, which, it might be noted, were even employed by the García Mesa regime once it had been ostracised by the Reagan White House. The arguments for this opposition were simple. Reduction of the *cocales* directly prejudiced the means of subsistence of hundreds of thousands of poor *campesinos*, whatever its final objective with respect to cocaine. These small farmers produced a legal crop for which there was no substitute that yielded remotely comparable earnings. Destruction of the cocaine factories invariably involved the punishment of lowly workers, not major dealers, very few of whom were ever caught and fewer still brought to trial. These raids were staged selectively – often to settle scores –, simply drove production centres deeper into the backlands, and had no lasting impact on prices or production; even the catharsis experienced by the gringos was ephemeral. Furthermore, ‘interdiction operations’ were frequently attended by violence on the part of the police and armed forces, and they depended increasingly upon US intervention. Perhaps most important of all, the entire strategy of attacking production and supply, rather than demand and consumption, stemmed from a North American determination to transfer the blame and cost from its own rich citizens and state to their impoverished counterparts in Bolivia. The opprobrium attached to this was further sharpened by the fact that the US was viewed as directly responsible for generating the broader economic crisis that prompted the upsurge of popular involvement in *narcotráfico*, and by its strenuous resistance to provision of adequate recompense for the sacrifices incurred on its behalf for adhering to free market (outlaw) forces. Such a position was not only hypocritical; its immorality was decidedly imperialist.

Such an outlook is not, of course, unique to Bolivia; aspects of it are

equally evident in both Peru and Colombia, where it had an even sharper impact on national political life. However, the Bolivian experience was distinctive in two important and related respects: the generally low level of social violence associated with *narcotráfico* itself (closer to Peru than Colombia) and the absence of any guerrilla movement or substantial paramilitary forces (different from both other countries). While not exactly peaceable, production was partly legal and exacted a relatively slight social cost, at least until the late 1980s, when growing use of the debased and dangerous cocaine derivative *bazuko* by youths, particularly in Cochabamba, began to sharpen anxieties.⁴¹ Even then, the violence surrounding the trade was seen as stemming from suppression, the state and the US – not local *traficantes*, and still less the growers, whose principal means of resistance were passive (the *bloqueo* above all else), mass-based and in conformity with the traditions of the popular movement. Furthermore, since involvement in the upper reaches of the trade was less based on clearly defined clans outside the political system than linked to membership of all sections of its civilian and military elite, no amount of official blandishments could overcome popular cynicism.

The passage of events outlined in Table Three shows that despite its recourse to national and US troops and the introduction of major new legislation, the MNR fared little better than had the UDP. Its more decisive actions were met with greater resistance, obliging resort to negotiations in which the state made strictly limited progress towards eradication. The conduct of UMOPAR remained unreliable, the armed forces persisted in their reluctance to be involved in unpopular operations, dependence upon US support opened up conflict within the party (Alderete; Ñuflo Chávez) as well as outside it, and the threat of scandal was never far off. Judging solely (and thus very conservatively) on the basis of ‘errors and omissions’ in the national accounts, the formally registered infusion of *narcodólares* was at least \$64 million in 1986 (much higher thereafter). It is unlikely, however, that the MNR actively contrived this situation, which might be best viewed as an embarrassing windfall resulting from forces that otherwise transpired to be more intractable than those it faced in stabilising the formal economy.⁴²

Popular disdain for the North American position did not lack some justified foundation. The US was exceptionally reluctant to deal with its unwanted monopsony (the European market remained slight) other than in time-honoured fashion. It held to the policy of crop substitution long after it had been shown to be fruitless; the public pronouncements of its local representatives exhibited an arrogance – sometimes intended, sometimes depressingly *ingénue* – that infuriated senior Bolivian officials; and it could not break from a coercive and conditional approach to development aid for the coca zones where, according to Ambassador Corr (later ‘promoted’ to El Salvador), electrification would only ‘allow narcos to work at night’.⁴³ (The fact that they already did casts an even more forlorn light on this remark). The price to be paid for an alternative approach was deemed too high, even

after cocaine became a major issue in domestic politics. Like the MNR's drug law, the Bennett report was conspicuous by its failure to introduce real change.

Aware of this, the MNR, which had already invested the great bulk of its ideological capital in stabilisation, adopted a distinctly opportunist course. Haunted (if not taunted) by its supposed policy of *agropoder*, if failed to match rhetoric with practice when it came to curbing the most *agropoderosos*. Realistically depending upon a reputation for managerial efficiency rather than outstanding moral probity, it shuffled past the option of launching a popular crusade. Exasperated by the exigencies of ministering to the protests of the victims of its economic policies, it forebore from tarnishing the growers as another group of 'anarchosindicalists'. Last, but by no means least, it recognised that voluble inaction was the key to preserving the boon provided to stabilisation policy by cocaine revenue. This, quite naturally, was a hostage to fortune, but Víctor Paz had good cause to be unconcerned about it, and despite all the bravura complaint after the 1989 poll, many a *movimientista* had reluctantly accepted that the price of the fearlessness of stabilisation was a resounding *voto de castigo*, leaving others to deal with the consequences. In the event, this view was shown to be correct, but it is a reflection of the extraordinary vagaries of politics over the prior four years that it very nearly transpired to be false.

Politics

After the tumult of the UDP, formal political life under the MNR became 'little' in the sense that it was primarily concerned with tactical manoeuvres and administrative issues. There were few 'grand events' to interrupt the institutional calendar, and those that did occur – the visits of the West German President, the King of Spain, and the Pope – had a strictly marginal impact on policy. Víctor Paz's sombre comportment was a significant element in this picture, not least by containing the tensions within the MNR caused by the severity of stabilisation.

These rotated predictably about the person of Sánchez de Lozada, who some claimed – incorrectly – had never actually sworn loyalty to the party and others saw – justifiably – as little less than a heretic in his attitude to *movimientista* traditions. His leading critic was Guillermo Bedregal, foreign minister and recent returner to the ranks after splitting with Paz over support for the coup of Colonel Natusch (whose short-lived cabinet Bedregal had effectively led). Since Bedregal had headed the initial effort in the early 1960s to restructure Comibol in the face of bitter union resistance it was somewhat ironic that he should balk at the social cost of this two decades later; a more plausible cause for his ill-concealed rancour lay with ambitions to succeed Paz as *jefe* or at least to become presidential candidate in 1989. Although Bedregal failed on both counts, this was not before he had succeeded in summoning appreciable support from the party's 'old guard' headed by the eternally unpredictable Nuflo Chávez, who could still com-

mand some authority beyond his stronghold of Santa Cruz. The traditionalists disliked 'Goni's' refusal to adhere to rhetorical customs, his independent outlook and mercurial disposition, and, perhaps most of all, his bourgeois background – none of which was typical of the party leadership (except Víctor Paz himself). The fact that his policies also threatened to damn the MNR to electoral defeat provided the unstated impetus to this campaign, which emerged in the first months of the government and then receded until the pre-electoral period once it was clear that their success had ensured that Paz would support Sánchez de Lozada's policies and endure his candour in presenting them.

The insistence upon making a virtue out of a necessity in defending stabilisation was distinctly novel and won the minister a surprising degree of respect that only began to erode when his abject inability to resist a good joke or telling insult came to be seen in the context of the presidency from late 1988. At that stage it became plain how complementary the characters of Paz and his *de facto* chief minister had been; the prospect of the troubleshooter operating on his own was far from reassuring. (In this sense the party would possibly have been better advised to by-pass both Sánchez de Lozada and Bedregal, who had a widespread and far from undeserved reputation for mendacity, and present a more 'statesmanlike' candidate, such as Vice-President Julio Garret Ayllón, to preside over the squabbling factions.)

The MNR was historically a party of 'sectors' and internecine intrigue, originally based upon authentic ideological divisions and feudal competition (often localist as well as over the spoils of office and patronage). Subsequently this tendency was sharpened by the high incidence of expulsions, repudiations and prodigal homecomings in exile, opposition or at the service of military governments. By 1985 there were no significant survivors from the left of the party – the initial appointment of the old FSTMB activist Sinforoso Cabrera as minister of mines reflected nothing more than a personal conversion. Nevertheless, both longstanding animosities and the infusion of 'newcomers' to the cabinet – notably Defence Minister Fernando Valle, previously of the ADN and a senior adviser to García Mesa – provided ample potential for schism. That this did not occur may be attributed to a number of factors. First, Paz, as founder and historic leader of the MNR was personally *intachable* and possessed binding powers of arbitration. Secondly, there was minimal disagreement over the basic necessity of stabilisation, and since this – rather than 'reactivation' – preoccupied the government for most of its term, the authors of Decree 21060 held the initiative. Thirdly, the MNR was only able to govern with the support of the ADN, and the extremely sharp challenge made by Banzer immediately following the 1985 poll on the basis of his superior vote was not forgotten once he had been denied the presidency by congress (with the support of the left) and then became a party to the *Pacto por la Democracia* in October. Unity within the MNR was essential both to the preservation of the pact – and thus the maintenance of office – and to any successful emergence from its demise (which was more widely anticipated within the MNR than was publicly recognised). The support of

both Washington and the armed forces, where there were many more or less closet militants, together with the absence of a concerted challenge from the left, provided further, unprecedented incentives to keep the party cohesive and disciplined.

The Pact of October 1985 was undoubtedly the linchpin of the administration although it should be noted that it did not formally provide for a coalition, merely collaboration at legislative level, thereby largely overcoming the conservative sectarianism so evident in the election campaign. It is significant that the agreement, which lasted until February 1989, was not sealed until after the government had survived the COB's general strike of September and the consequent declaration of a state of siege. Although the ADN fully supported Decree 21060 – and indeed declared that it had been all but stolen from them and their adviser Juan Cariaga – it studiously awaited the outcome of the inevitable clash with the unions before pledging its strategic support. Moreover, it did not gain a foothold in the cabinet until Sánchez de Lozada had outfaced Bedregal over the necessity of keeping firmly to the government's initial economic policies. Thereafter differences were of a strictly secondary order within an alliance that permitted appreciable latitude in terms of local competition and appeared to rest on the understanding that, in a variant of the Colombian and Venezuelan 'models' after 1958, Banzer would be allowed to reap the benefits of the 1989 poll. (Here the MNR acted no less opportunistically in ending the Pact than had the ADN in entering it). There was plenty of confident talk of the accord taking Bolivia into the 21st Century.

As the 'junior partner' the ADN celebrated its 'responsibility' and 'selflessness' rather more quickly than the resulting Pact, especially in the initial stages of the administration when it appeared that the MNR would gain the lion's share of benefit from directing the economic policies the agreement was primarily designed to support. *Adenista* dissidence was relatively slight in extent, but it did lead to the loss of Banzer's running-mate Eudoro Galindo, who left with a section of younger, more 'ideological' cadre and eventually entered the ranks of *movimiento*. As a result, the party became a more firmly personalist organisation. Nonetheless, the high profile of ex-mayor of La Paz Ronald Maclean provided a forceful and modern entrepreneurial image that contrasted markedly with that of his successor Raúl Salmón, an independent but traditional machine-politician who had previously served under sundry regimes with no apparent prejudice to his reputation – underlining, perhaps, the dangers of ascribing to 'modernity' the qualities of unambiguous appeal. Security through familiarity was no less a requirement in troubled times.

It was the MIR, which most lacked authority gleaned from experience in office, and most assiduously promoted its 'newness', that attempted to court Salmón. Their short-lived liaison following the 1987 municipal elections was perhaps the most prominent – certainly the most erratic and contentious – feature of the party's strategy of expanding its activity through the develop-

ment of a loose alliance of sympathisers under the name of *Nueva Mayoría*, which soon became a permanent suffix to the party's acronym.⁴⁴ This initiative yielded significant reward in the elections of 1987 and 1989 in that it offered some shelter for politicians and middle class activists who wished to remain in mainstream politics and retain their progressive *bona fides*. They could no longer countenance support for the left, and neither could they succumb to the lure of *movimientismo*, which, for all its new-found dynamism, was tacking the most conservative course in its 40-year history. The loss of its left wing deprived the MIR of both organisational strength and ideological coherence. Jaime Paz had already begun to move further rightwards, but within congress the MIR stood as the only significant party of opposition after the Pact of October 1985; the logic of this position was that it attacked the MNR-ADN alliance from the left. Thus, under circumstances very different to those prevailing under the UDP, the MIR was confronted with a number of taxing challenges whereby it had, on the one hand, to divorce itself from a discredited left and yet maintain its progressive pretensions, and, on the other, take a critical position on the NEP that did not evoke a return to the *status quo ante* and enable the government to dismiss it as the shame-faced rump of the UDP.

The MIR's relative success in manoeuvring through these uncharted waters owed much to the MNR's moderation in assailing it. Amongst the reasons for this were the need to be assured of cooperation in both houses of congress, particularly the senate, where the balance of forces was more delicate; the (correct) perception that there was little to be lost by celebrating the constitutional opposition of a 'moderate and civilised' left; and, to some degree, the affinity felt by Sánchez de Lozada for the MIR leadership, whom he excoriated with characteristic panache but whom he also treated seriously. (This was a prescient attitude in view of the 1989 election results and could have laid the basis for the much vaunted 'second phase' of stabilisation in 'reactivation' under an MNR-MIR alliance were it not for 'Goni's' tardy shift from campaign invective, at which he excelled, to overture, for which his skills were indifferent). The MIR's own trajectory may plausibly be viewed as a combination of Jaime Paz's single-minded presidential vocation (no doubt sharpened by his experience as vice president yet extraordinary in that he so ardently coveted the office without any corresponding explanation as to why); the 'hegemonic' status of stabilisation; and a broader transition within international social democracy away from keynesianism – and its modern corollary in equitable association with organised labour – towards managerialism, wherein neither pragmatism nor the discourse of moderate welfarism were greatly altered. In this latter respect, the increasingly desperate gyrations of Alan García's APRA government across the border in Peru certainly exercised a sobering influence.⁴⁵

The combination of the Pact, the MIR's dedication to compliant opposition, and the weakness of the parliamentary left accounts for the relatively subdued conduct of affairs within cabinet and congress. At government level more attention was paid to disorderly conduct – the unprovoked assault on

a traffic policeman by the industry minister (December 1986) and Defence Minister Valle's drunken speech to congress (April 1987, when the high command protested that he had revealed 'matters of national security') – than to the residual animus displayed by Bedregal and Sánchez de Lozada. Within congress matters such as the MIR's barter of support for tax reform in return for the new electoral law (April 1986) raised minimal public interest – the statute is inordinately complex, possibly purposefully so – compared with the legislators' concern to award themselves munificent pay rises (October 1986; July 1988). This provoked sufficient ire within the public that an acutely embarrassed government was obliged to take rapid action in order to avoid a critical loss in that institutional legitimacy which constituted a major prop for its own programme.

This also came under challenge in a more novel fashion from the referendum – *Consulta Popular* – organised by the COB in July 1986 on the tax reform, payment of the external debt, and the deployment of US troops. The threat posed by this poll lay less in its result – an overwhelming repudiation of government policies by a surprisingly large 'electorate' (1,428,000, of whom 898,000 voted against the policies) – than in its restitution of the impulses of 'popular democracy'. The level of participation indicates at the very least that these were not dormant since the government waged a strong campaign against the referendum and came close to banning it altogether. Held less than a year after the introduction of Decree 21060, the *Consulta Popular* may simply be viewed as a predictable expression of discontent in much the same light as the result of the 1987 municipal elections. However, it also indicated a significant shift on the part of the COB, which had perforce to move beyond reliance on strikes and the diminishing membership of its constituent unions. In this sense the referendum marked the first step in a process whereby the COB acquired a more reactive role in relation to popular discontent, coordinating rather than leading protest. Increased resort to hunger strikes similarly indicated a defensive position in which appeal to popular sentiment replaced industrial strength as a means of bargaining. This approach was most closely determined by the position of the *relocalizados* from Comibol, whose wretched fate was the subject of incessant disputes throughout the government and reached its apogee in the mock 'crucifixion' of redundant miners in La Paz in April 1989. Following the visit of the Pope, and after three years experience of penniless miners and their families camped in El Alto, the populace of the capital responded to such acts of desperation with a sympathy that stood in sharp contrast to its hostile reaction to the March 1985 occupation. There was an increase in talk of the country's historic debt to the miners, public recognition of their sacrifice, and some qualification of earlier emphatic epitaphs for the industry.

Of course, such matters neither cost the government very much nor offered the miners more than ephemeral consolation in what was an indisputable defeat. Only at the Huanuni mine was the FSTMB able to retain any substantive resistance (tellingly, on health and safety grounds), and after the government's use of troops in September 1986 to halt the union's 'March for

Peace and Life' from Oruro to La Paz – which accumulated great popular support and threatened a major political crisis – the FSTMB was thrown into confusion over how to react. Conflict over the form and degree of response produced three major shifts in its leadership in 1986 and ended in an uneasy compromise whereby the balance between the radicals of the DRU/Eje de Convergencia and the PCB was publicly sustained by Víctor López – associated with Lechín but also autonomous from him – and practically determined by Filemón Escobar – erstwhile *porista* and now the most ardent advocate of *autogestionismo*. This pattern was broadly reproduced within the COB itself at the VII Congress of July 1987, when Lechín's fiat was finally eliminated, first López and then Simón Reyes presiding over a tense truce between two weakened blocks, neither of which possessed the capacity to realise their antagonistic strategems outside the debating hall.⁴⁶

Such a scenario evoked the experience of the dictatorial era and reflected a loss of authority and direction more profound than that witnessed after the 1957 stabilisation, when the mines were not greatly affected by redundancies. It raised the pertinent question of whether the traditional leadership of the COB by the FSTMB could be maintained. However, the reiterated claims to this role by the CSUTCB were undermined by its own deep divisions, which the COB itself had to arbitrate and which emphasised the continued preponderance of *caudillismo* and dubious practices of patronage over ideology in a sector that was poorly suited to operate according to the norms of industrial syndicalism. Yet if this presented a major organisational challenge to the COB, it did not, as has been seen, marginalise the *campesinado* from wider political life, even if the succession of *bloqueos* and the emergent influence of the federations of the coca zones were – like the protests over health, education and local administration – only loosely associated with the orthodox political opposition.

In one sense, the fact that the left had strictly limited influence over these movements complicated life for the government, which found little relief in stock anti-communist and anti-syndicalist invective and had to contend with a variety of organisations that lacked firm control over their supporters. The price of victory in the realm of formal politics was an uncontainable fluidity in regional and sectoral disputes, none of which posed a threat to the government's national authority but which, in sum, severely constrained its writ. Whilst this corresponded in part to a 'natural' retreat by the effectively disenfranchised constituency of the left that redeployed its political energies in a more quotidian and tactical fashion, it also raised the spectre of a dangerous anomie conducive to the emergence of forces similar to Sendero Luminoso. Fears of this grew from mid-1988 as it became evident that some elements associated with *katarismo* were abandoning faith in either constitutionalist or quasi-syndicalist/collectivist methods of struggle and seeking more direct and violent means. At the same time, occasional scares about *senderista* intrusions gained some substance when, in December 1988, the Peruvian naval attaché was assassinated in the middle of La Paz. The subsequent killing of three Mormon missionaries by the hitherto unknown Fuerzas Armadas

de Liberación Nacional-Zárate Willka (FAL-ZW) sharpened apprehension in this quarter although the little available evidence – far exceeded by rumour – suggested both that the group was tiny and isolated and that the government was determined at all cost to avoiding provoking Sendero, which probably did make use of Bolivian territory around Lake Titicaca but continued to experience greater problems with the Aymara communities of the border region than it had with the Quechua majority around Cusco. Although the progression from participation in legal politics to those of subversion is rarely linear, and the two are seldom as mutually exclusive as theorists and proponents of counter-insurgency claim, this space had evidently been crossed by very few. Perhaps because of a flexibility endowed by the very weakness of the state, the system neither generated such despair nor unlocked enough residual millenarian convictions to promote a movement comparable to that in Peru.

As in Peru, the continued existence and very modest recovery of the orthodox left played little part in this. The reconstruction of electoral unity around the MBL and PCB as Alianza Patriótica (1987 municipal elections) and then Izquierda Unida (1989 poll) and the spirited but strictly limited activity of the PS-1 and MRTKL had minimal impact on the national balance of forces. But, in contrast to the Peruvian case, the retention of some systematic equilibrium may be attributed to the rise of a new form of populism that succeeded far better than the left in voicing the preoccupations of the poor. This movement may be characterised as reactionary in that its principal protagonist – Carlos Palenque – had good right wing credentials (part *movimientista*, part *barrientista*), a considerable fortune, and manifest talent for constructing alliances with a status quo that he simultaneously berated for its callow indifference to the commonwealth. Moreover, whilst Palenque's exploitation of radio and television was overwhelmingly dedicated to the expression of individual complaints and tales of misfortune (the hourly '*Tribuna Libre del Pueblo*'), its concentration on CONDEPA's distribution of free spectacles, food and other hand-outs was understandably more insistent than was the promulgation of indecipherable 'autochthonous' economic policies by which the fledgling party proposed to resolve the wider crisis that made this old-style clientelism so necessary and popular.

On the other hand, the synthesis of an unmediated *vox populi*, attacks on a 'dictatorial' and 'uncaring' government, effusions of sympathy for the miners and coca growers, and celebration of popular culture – from Cantinflas to the *el Gran Poder* – unnerved the established parties and rapidly dislocated customary political allegiances in the capital and surrounding provinces. If '*Compadre*' Palenque himself was too 'white' and accomplished a media personality – he had previously played in a popular folk group – to pass himself off as an authentic member of the newly urbanised Aymara underclass, he was exceptionally adept at projecting its travails. Moreover, his copresenter on television, '*Comadre*' Remedios Loza, operated as a perfect foil in that as an articulate, bilingual and attractive *chola*, she generated considerable appeal amongst women – very poorly represented in other par-

ties – across the class and ethnic divide whilst inviting but failing to provoke a macho backlash. Both Palenque and the instinctively more radical Loza concentrated their attention on the domestic sphere, which was either ignored or dismissed with pious platitudes by the orthodox politicians. They thereby largely circumvented the greatest potential obstacle to CONDEPA in the widening economic chasm between impoverished recent migrants and the enriched market traders and rentiers of similar social and ethnic background whose operations appeared petty but who had, for some, become a veritable bourgeoisie.⁴⁷

It is telling that the emergence and rapid rise to prominence of CONDEPA in La Paz followed the 1987 municipal elections, which in the capital witnessed a quite extraordinary decomposition on both protocol and mores amongst the established forces. The real casualty of this was Salmón, who was supported for his first election for the post of mayor by the MIR and a loose grouping known as the ‘Friends of Don Raúl’ against the candidacy of Ronald Maclean, backed by the ADN and MNR. The poll resulted in the election of six *concejales* (aldermen) for each bloc, opening up a tortuous process of negotiation that soon collapsed into an *opéra bouffe* when one of Salmón’s supporters changed sides upon the alleged – and never fully denied – payment of \$100,000 by the government parties. However, just as the partners of the Pact were set to ratify and celebrate their 7–5 victory on television, the machiavelian qualities of Don Raúl surpassed even their literary depiction by Mario Vargas Llosa in the offer by his camp to Walter Mur, a prominent *movimientista*, to back him as mayor. This utterly unexpected proposal so enticed Mur that he cast aside party loyalty and voted against Maclean, thus returning the contest to a stalemate from which neither side emerged with a modicum of credit although one was a great deal worse off financially and the other had inherited the services of a mathematical dunce.

This unedifying spectacle continued for a full three months after which the office was given to each of the original candidates for half the term, beginning a race for popularity through expenditure on grandiose projects, particularly by Salmón, whose remodelling of Laikacota hill for a new ‘central park’ was but a transient triumph of civic imagination over geological realities. Subsequently Salmón threw in his depleted lot with the MNR as the best means by which to exact revenge on the bourgeois upstart Maclean, but he was soundly defeated in the 1989 senatorial race. The MIR, for its part, perhaps reconciled to the loss of the city under the twin pressures of Palenque’s media appeal and Maclean’s cash, set its sights on the rural vote through alliance – under the auspices of the Nueva Mayoría – with the dissident *movimientismo* of Carlos Serrate Reich, whose close supporter Zenón Barrientos Mamani could still command a sizeable proportion of the votes he had delivered to the MNR from the northern altiplano in the 1950s and early 1960s.

Such manoeuvres produced results, but it is clear that these were obtained at a rising cost in terms of legitimacy, the myriad paths for tactical *votos de castigo* amongst contestants of comparable ideological hue threatening to

lead all into a cul-de-sac. Disenchantment was not lessened by the much-publicised failure to bring the García Mesa trial to a conclusion, even in the absence of the defendant, who absconded from military supervision with an ease that only fortified popular disdain for claims to resolute impartiality on the part of the authorities. This sentiment was further enhanced by the fact that when Suárez and Palenque attacked Víctor Paz they were either apprehended or punished with unusual celerity and efficiency. However questionable their past or motives, they had at least stood up to the system and therefore deserved sympathy. This distinguishes them from another aggressive *arriviste*, Max Fernández, who had bought La Paz's highly profitable brewery with funds of uncertain origin and now tried to contest the 1989 poll by distributing largesse, particularly in the Oriente. However, Fernández soon discovered that overnight purchase of a political party is a problematic undertaking when his bargain-basement apparatchiks – mostly from the moribund FSB – simply took the money and ran. His later response to the '*triple empate*' in calling for a military coup endeared him to very few, but the fact that he could make such a bold entrance into the political arena suggested that Palenque was not a singular phenomenon and that the rules of politics were undergoing a disturbing transformation.

The results and immediate consequences of the 1989 poll, however, indicated that these new political figures posed a more limited challenge to the status quo. CONDEPA won the vote in the capital by a very clear margin (121,024 against second-placed ADN with 82,524), but it lost to the MIR in the departmental provinces and trailed very poorly elsewhere in the country, amassing just 11% of the total vote. This score was roughly equal to the combined vote of the left (IU – 7.2%; PS-1 – 2.5%; MRTKL – 1.5%). Equally, it should be recalled that the MIR polled only 19.6% of the vote – enough to give Jaime Paz the presidency, albeit under tight ADN control in cabinet. In these circumstances it can be appreciated that any percentage of the vote in double figures had to be treated seriously, and CONDEPA had concentrated its support most effectively for the purposes of winning congressional seats and thus negotiating terms. Its opposition to the MNR was immovable and based almost exclusively on the closure of Palenque's television station in 1988. However, the '*compadre*' was quick to join in talks with Jaime Paz and Banzer, and although no formal agreement was signed, CONDEPA's voting record in the new parliament proved consistently supportive of the governing alliance. The cost to the ADN and MIR would be loss of the city council and the departmental development corporation, taken over to much fanfare shortly after Jaime Paz's inauguration with immediate promises – conditional upon treasury support – to start construction of a road from La Paz to Pando. CONDEPA thus set down a marker for its ambitions and the direction of blame should they not be fulfilled. Nonetheless, the limits of cooptation had not been stretched very far to incorporate the party.

A similarly sober interpretation of the fragility of the political system may be derived from the process of negotiation between the country's three leading forces. Here the MNR's decision early in 1989 to abandon the Pact of

October 1985 and make an independent 'dash for power' constituted a calculated risk that came close to success in simple electoral terms. However, it also helped to sharpen the incidence of malpractice before, during and after the poll, pushing the party extremely close to repudiating an election held under its government but effectively controlled by the ADN and MIR, which dominated the electoral courts and now felt little need to curb manipulation by their supporters. Yet despite extensive partisan intervention in the results, these stood and a new government was elected according to the constitutional timetable. The fact that it began as a coalition suggested that the division of the dominant political bloc into three was not as debilitating or dangerous as many feared. Indeed, some held that the '*triple empate*' provided the best electoral foundation for '*concertación*'. Moreover, following Jaime Paz's inauguration, all parties accepted the need for electoral reform, and Sánchez de Lozada adopted the role of leader of a responsible opposition without undue difficulty.

Amongst the chief features identified as underpinning this outcome were the flexibility and skill of Banzer and the erosion of *movimientismo*. The former may be accepted only with the caveat that Banzer was no longer in any position to pose an authoritarian alternative and had, alone of the three leading candidates, already served as president; his ambitions for office were not as sharp and had been further reduced by physical frailty and the death of his sons. Under the circumstances his actions were unremarkable, providing the ADN with a dominant voice in policy-making whilst Jaime Paz attended football matches and signed agrarian reform titles. Equally, notice of the death of the MNR was somewhat exaggerated, even if the generation and many of the traditions of 1952 were in advanced decline. Between 1985 and 1989 the party's exploitation of the revolutionary legacy was slight and indirect, revolving principally around the figure of Víctor Paz. It will not, of course, be entirely jettisoned since it lends some gravitas and resolution to the image of the MNR. Yet a further diminution of 'historical' *movimientismo* would little affect the substance of the party's conduct.

Certainties with respect to the weakness of the left were no less well founded in mid-1989 than in mid-1985, at least in terms of established party organisations. However, a degree of caution is in order here in terms of the wider potential for a renewal of a radical movement. In the first place, the electorate will by 1994 have experienced government by all components of what might be termed the 'triple conservative alliance'. From a purely electoral viewpoint this may simply enhance the degree of tactical voting on the basis of a more informed logic of the '*mal menor*'. (It should be noted that the MNR-MIR option remains untested). On the other hand, the prospect of 'more of the same' is likely to be upheld by all these parties and, after a prolonged period of recession in the poorest country in mainland America, this may well exasperate the evidently large number of uncommitted voters as well as supporters of CONDEPA. In order to evade this scenario the right will have to achieve not only the economic growth that has persistently eluded it but also a qualitative expansion of welfare and an authentic resolu-

tion to the dilemmas posed by *narcotráfico*.

The prospects on all three fronts are less than bright, as is that of a thorough reform of state institutions, where the customs of malpractice and partisanship persist to growing popular discontent. If these issues have long been the left's stock-in-trade and offer fertile ground for recovery, a less familiar challenge lies in adjusting to the decline of the COB and the emergence of forces such as CONDEPA. Failure to address these critical developments could well result in more than the left being reduced from the status of a minority to that of an entirely peripheral entity; it might also encourage the incidence of social violence, drawing Bolivia much closer to the Peruvian experience. The desiderata in this regard are peculiarly taxing since they include a simultaneous move away from surpassed traditions and defence of those that take a similar form but remain vital – as demonstrated by Palenque for La Paz – in affirming ethnic and social identity. As yet the full gamut of distinctions is unclear, even within the discourse of 'western' ideologies and practice. Yet failure to address both the 'American' and 'European' features of this dilemma is likely to produce a far nastier future than that of Bolivia quietly queuing up to take its modest place in 'the end of history'.

NOTES

1. The most contemporary English language study of Bolivia is James Malloy and Eduardo Gamarra, *Revolution and Reaction: Bolivia 1964–1984* (New Brunswick, 1988). Although Malloy and Gamarra employ the terms ‘populism’ and ‘authoritarianism’ quite extensively, their study seeks to discover inflections within these very broad categories, and I would not wish to attribute to them a single-minded commitment to model-building, just as I reject their characterisation of my narrative survey, *Rebellion in the Veins: Political Struggle in Bolivia, 1952–82* (London, 1984), as reductionist and class determinist. Salvador Romero reviews both texts in *Estado y Sociedad*, año 4, no. 2 (1988). Perhaps the widest disseminated caricature of Bolivian personality is the scriptwriter in Mario Vargas Llosa’s novel, *Aunt Julia and the Scriptwriter* (London, 1983), an individual based closely on Raúl Salmón, mayor of La Paz in the 1980s and a personalist political figure of some consequence although distinctly vulnerable to his own grandiose ideas. If Bolivians felt ambivalent about Vargas Llosa’s lampooning of Salmón, there was a far wider and deeper sense of outrage at the publication in the *Atlantic Quarterly* of an article, ‘A Cowboy High in the Altiplano’, by the former press attache to the US embassy, Mark Jacobs, who referred to Bolivians as primitive ‘gnomes’. The piece – in fact, a very mediocre ramble – was reproduced in two Sunday papers and generated sufficient indignation to prompt the embassy to issue a disclaimer.
2. See Dunkerley, *Rebellion in the Veins*; Malloy and Gamarra, *Revolution and Reaction*; Laurence Whitehead, ‘Bolivia’s Failed Democratization, 1977–80’, in G. O’Donnell, P.Schmitter and L.Whitehead (eds.), *Transitions from Authoritarian Rule. Latin America* (Baltimore, 1986).
3. See, in particular, Juan Antonio Morales, ‘Inflation Stabilization in Bolivia’, in M.Bruno, G.Di Tella, R.Dornbusch and S.Fischer (eds.), *Inflation Stabilization. The Experience of Argentina, Brazil, Bolivia, Israel and Mexico* (Cambridge, Mass., 1988), for an assessment of the 1985 stabilisation plan by one of its principal overseers (but not one of its architects). A less detailed survey may be found in J.Morales and J.Sachs, ‘Bolivia’s Economic Crisis’, Working Paper no. 2620, National Bureau of Economic Research, Boston (1988). The original document behind the plan is República de Bolivia, *Decreto Supremo 21060* (29 August 1985), whilst the principal agreements and documents supporting it are collected in Muller and Machicado (eds.), *Acuerdos y Documentos de la Nueva Política Económica 1986* (La Paz, 1987). Excellent assessments of the economy are given in *Coyuntura Económica Andina*, La Paz, annual 1985–, and a radical critique is provided in Pablo Ramos, *¿Hacia dónde Va el Neoliberalismo?* (La Paz, 1987). Full statistics are provided in Muller y Machicado Asociados, *Estadísticas Económicas*, La Paz, annual 1985–. A full background to the tin industry is given in Mahmood Ali Ayub and Hideo Hashimoto, *The Economics of Tin Mining in Bolivia* (Washington, 1985), and its collapse is surveyed in Latin America Bureau, *The Great Tin Crash. Bolivia and the World Tin Market* (London, 1987). The important ‘informal’ economy is outlined in Samuel Doria Medina, *La Economía Informal en Bolivia* (La Paz, 1987).

4. See, in particular, Kevin Healy, 'The Boom within the Crisis. Some Recent Effects of Foreign Cocaine Markets on Bolivian Rural Society and Economy', in Deborah Pacini and Christine Franquemont (eds.), *Coca and Cocaine. Effects on People and Policy in Latin America* (Cambridge, Mass., 1987); Kevin Healy, 'Coca, the State and the Peasantry in Bolivia, 1982–1988', in the special issue of *Journal of Interamerican Studies*, vol. 30, nos. 2 and 3 (September 1989). For background material, see G.Flores and J.Blanes, *¿Dónde va el Chapare?* (Cochabamba, 1984); R.Bascopé, *La Veta Blanca. Coca y Cocaína en Bolivia* (La Paz, 1987); O and J.Canelas, *Bolivia. Coca y Cocaína* (La Paz, 1983); IEPALA, *Narcotráfico y Política* (Madrid, 1982). Rensselaer W.Lee III, *The White Labyrinth. Cocaine and Political Power* (New Brunswick, 1989), provides a very useful synthesis of the main policy issues but some of its considerable factual information should be treated with caution.
5. There is, as yet, little consolidated literature on this important issue, which relates closely both to the political failures of the UDP regime and the collapse of the mining proletariat. See, inter alia, FLACSO, *El Sector Minero. Crisis y Perspectivas* (La Paz, 1986); Jorge Lazarte, 'Movimiento Sindical y Transformaciones del Sistema Socio-político Boliviano', *Estado y Sociedad*, año 4, no.2 (1988); MIR-Bolivia Libre, *Repensando el País* (La Paz, 1987). *Autodeterminación*, nos. 6 and 7 (December 1988), reproduces an interesting debate between leaders of various radical currents.
6. My comments here are, of course, highly contentious and are developed later in the essay. For an alternative view that proclaims the unambiguous victory of conservatism, see Javier Hurtado in *Presencia*, 2 August 1989.
7. Kenneth P.Jameson, 'Dollarization and Dedollarization in Bolivia', mimeo, University of Notre Dame 1985; Ramiro Carrasco, in Facultad de Ciencias Económicas, Universidad Mayor de San Andrés, *Dinámica Económica*, no. 8 (Dec. 1982), p.97.
8. For details see Jameson. The MIR disowned the policy as fast as possible, but for an appreciation of its intended aims and the context in which it was understood to operate, see Rolando Morales, 'La Crisis Económica', *Informe R*, May 1985.
9. Morales and Sachs, 'Bolivia's Economic Crisis', p.25; Arthur J.Mann, 'The Political economy of Tax Reform in Bolivia', mimeo 1986, p.6.
10. Morales and Sachs, 'Bolivia's Economic Crises', p.21.
11. *El Mundo*, Santa Cruz, 9 November 1982.
12. *Presencia*, La Paz, 10 November 1982.
13. See the comments of Gail E. Makinen in Bruno et al., *Inflation Stabilization*, pp.347–51.
14. At the *Foro Político* of 25 May 1985 Victor Paz indicated that an agreement with the IMF would be necessary and that he would grant favourable conditions to private capital. Significantly, it was at this meeting that Hugo Banzer declared, 'No me voy a sentir incómodo si el Doctor Paz gana las elecciones', despite the fact that the MNR presented itself to the voters as 'inserta en la

- iquirda nacional, anti-imperialista y democrática’.
15. It should be recalled that the coup of Colonel Natusch in November 1979 received support from leading figures in the MNRI as well as the MNR.
 16. Whilst Siles declared the FSTMB occupation of Comibol illegal and ultra-leftist, Paz Zamora welcomed the move fulsomely. *Presencia*, 21 April 1983.
 17. For example, ‘Durante el gobierno del general Vildoso se dio una clara situación revolucionaria y el POR fue el único partido político que así lo dijo’. G.Lora, *La Insurrección* (La Paz, 1983), p.7. For a rather more sober analysis, still couched in boisterous rhetoric, see the opening two pages to G.Lora, *Lo que será y hará la dictadura del proletariado* (La Paz, 1985), drafted in the immediate aftermath of the March general strike.
 18. For the internal polemic over strategy, see *Unidad*, no. 639, 19 July 1985 (for the official line) and *Unidad*, no. 641, 20–26 July 1985 (for the dissident line). Both factions issued their own versions of this paper until September.
 19. For an outline of this and other congresses, see Jorge Lazarte, *Movimiento Obrero y Procesos Políticos en Bolivia* (La Paz, 1989). A fuller picture is given in Hisbol, *VI Congreso de la COB. Protocolos y Tesis de la Discusión Política* (La Paz, 1985). It is noteworthy that at this congress a leading *cobista*, Filemón Escobar, effectively sided with the PCB against the DRU although he argued for the development of the COB itself as a focus of political struggle. The DRU’s position was that ‘there are only two alternatives: either to advance the objective of social and national liberation through transforming the process into a revolutionary one, or to perish under imperialism and fascism’.
 20. Renzo Abruzzese, ‘Formas democráticas en los procesos de transición: el caso de Bolivia’, *Estudios Socioóxicos*, Mexico, vol. 4, no. ii (May–Aug. 1986).
 21. Kevin Healy, ‘The Rural Development Role of the Bolivian Peasant *Sindicatos* in the New Democratic Order’, Paper to the XII Congress of LASA, Albuquerque, April 1985.
 22. For a full and suggestive discussion of the emergence of the ‘new right’, see Carlos F.Toranzo Roca and Mario Arrieta Abdalla, *Nueva Derecha y Desproletarización en Bolivia* (La Paz, 1989).
 23. *Coyuntura Económica Andina*, June 1989; Pablo Ramos, *¿Hacia Dónde?*
 24. Juan Antonio Morales in Bruno et al., *Inflation Stabilization*, pp. 337–41.
 25. *Ibid.*, p.319.
 26. *Ibid.*, p.329.
 27. Mann, ‘Political Economy of Tax Reform’.
 28. *Ibid.*
 29. *Ibid.*
 30. Ricardo Calla, *La Derrota de Lechín. Luchas Políticas en el XXI Congreso Minero, Mayo 1986* (La Paz, 1986); Lazarte, *Movimiento Obrero*.
 31. Rolando Morales and Fernando Rocabado, *Los Grupos Vulnerables en las*

31. Economías de Desarrollo. El Caso Boliviano (La Paz, 1988).
32. Lee, *White Labyrinth*, p.1.
33. *Ibid*, p.60.
34. *Ibid*, p.23.
35. República de Bolivia, *Plan Trienal para la Lucha contra el Narcotráfico* (La Paz, Nov. 1986), p.6.
36. Lee, *White Labyrinth*, pp. 8 and 30.
37. Hon. Senado Nacional, 'Informe Preliminar sobre el Narcotráfico' (La Paz, 1986), pp.23–4.
38. J.Blanes, *De los Valles al Chapare* (La Paz, 1983); Healy, 'Boom within Crisis', pp.102; 115; Temas de Política Social, *Efectos del Narcotráfico* (La Paz, 1988), pp.53–73.
39. Lee, *White Labyrinth*, p.27.
40. *Ibid.*, p.46.
41. *Efectos del Narcotráfico*, pp. 13–51.
42. *Coyuntura Económica Andina*, 1986, p.19. This is the IMF figure and thus conservative.
43. *Narcotráfico y Política*, p.152.
44. A full account of the 1987 local elections is given in José Baldivia, *Balance y Perspectivas: Elecciones Municipales* (La Paz, 1989).
45. The platform of the MIR and other parties for the 1989 elections is reproduced in Asociación de Periodistas de La Paz, *Foro Debate. Elecciones Nacionales 1989* (La Paz, 1989). For a humorous but telling view of the campaign, see Paulovich, *Elecciones a la boliviana* (La Paz, 1989).
46. Lazarte, *Movimiento Obrero*.
47. Toranzo and Arrieta, *Nueva Derecha*.

APPENDIX I CHRONOLOGY

- 1982 Oct. 10 Hernán Siles sworn in as President of UDP government (MNRI; MIR; PCB) before restored Congress elected in 1980.
- Nov. 6 First economic '*paquete*', including 'de-dollarisation', presented without IMF approval to strong opposition from right and left.
- Dec. Appearance of divisions in MNRI and threat of UDP split.
- 1983 Jan. Diplomatic relations with Havana restored.
- 7 MIR leaves government, but not UDP; MNRI split deepens.
- 14 Conflict in Santa Cruz university over officials appointed by military regime.
- Feb. 4 Expulsion of Klaus Barbie to France.
CEPB alleges UDP intent to 'liquidate private sector'.
- 26 UDP defeated in Congress over censure of Minister of Asuntos Campesinos, Zenón Barrientos Mamani.
- Mar. Severe drought in Altiplano; floods in Santa Cruz.
- 11 COB and Minister of Interior accuse CEPB and rightist parties of preparing '*golpe constitucional*'.
IMF rejects request of \$200 m loan.
- 12 Siles ratifies Jaime Paz Zamora as Vice President.
Leading pro-dictatorship officers removed.
- Apr. Campesinos stage 5-day *bloqueo* over official inaction over disasters; government concedes demands.
- 4 Comibol technicians' strike attacked by FSTMB.
- 9 Siles in speech on anniversary of 1952 Revolution expresses willingness to accept *cogestión* and *cogobierno* with COB.
Visit of US Secretary of Justice William French Smith; agreement to reduce coca production.
- 19 FSTMB occupies Comibol La Paz offices and imposes *cogestión*; welcomed by Vice President Jaime Paz.
- May 6 CEPB conference attacks government as 'quasi-communist'. Government lays charges against ex-President García Mesa and Col. Arce Gómez; homes of senior pro-UDP army officers attacked.
Judge exonerates Roberto Suárez from charges of *narcotráfico*.
- 17 MNRI '*palaciego*' faction wins 15-day cabinet struggle.
- 21 Arce Gómez arrested in Buenos Aires; US demands his extradition.
- Jun. 1 Repatriation of remains of Gen. Juan José Torres.
- 11 Release of ex-Col. 'Buby' Salmón, accused of *narcotráfico* and *golpismo*; return to country of extreme rightist ex-Col.

- Faustino Rico Toro. Coup rumours increase.
- 16 Government unilaterally declares *cogestión paritaria* in Comibol.
- Jul. 7 Colegio Médico strike declared illegal.
Conflict between MIR and MNRI in factory workers' union, Cochabamba.
- 13 Guillermo Bedregal rejoins MNR.
- 14 Resignation of industry and finance ministers, attacked by MIR for pro-IMF policies.
- 19 MNRI officially reunified; MIR rejects offer of four portfolios. Suppression of protests by rightist-dominated Juntas Vecinales, La Paz and Cochabamba.
- Aug. 2 COB march 'against hunger and coups'.
8 COB's *Plan de Emergencia* demands radical economic policies as condition for accepting *cogobierno* offered by Siles.
23 Government insists on servicing external debt; offer of *cogobierno* effectively withdrawn.
28 PDC enters new cabinet (8 MNRI; 2 PCB; 4 independents; 2 PDC). MNR-ADN alliance gains control of Senate committees; UDP holds on to control of House of Deputies.
- Sep. 13 IMF visit demands austerity measures.
- Oct. Increase in sectoral strikes over pay.
Visit of Ivan Kalin, Vice President Supreme Soviet, USSR.
- Nov. 10 Government concedes wage demands.
17 Economic package includes devaluation, reduced food subsidies; congress attacks decree as unconstitutional; MNR presents bill to raise wages by 100%, passed in Senate with ADN support. Rumours of replacement of Siles by Jaime Paz.
18 24-hour general strike against measures.
- Dec. 14 Cabinet resigns; governmental crisis lasts 36 days.
- 1984 Jan. COB 6-day hunger strike wins 57% wage rise.
14 Congress censures ratified cabinet; Church sponsors talks on '*convergencia nacional*'.
- Feb. CEPB 48-hour strike 'against government irresponsibility'.
- Mar. Cabinet crisis over inclusion of independents; PCB demands incorporation of left-wing parties.
- Apr. MIR rejoins cabinet.
12 Economic package includes 300% devaluation and effective end to sliding scale of wages; resignation of Walter Delgadillo from both cabinet and MIR.
COB announces protest general strike.
Employees of Central Bank (BCB) refuse to implement measures.
- May 1 COB stages hunger strike instead of general strike; wins wage rise. 48-hour strike in BCB

- 30 COB-government agreement to suspend payments of interest on debt to foreign banks.
Announcement of auction of Che Guevara's diary in London.
- Jun. 16 Military staff college (ECEM) demands removal of army commander, Gen. Simón Sejas.
- 23 High Command ratified and 'rebels' punished.
- 28 COB halts talks with government and declares general strike for early July.
Siles kidnapped for 10 hours by officers of elite UMOPAR police unit under leadership of ex-Col. Rolando Saravia.
COB postpones strike; ECEM condemns kidnap.
- Jul. 5 General strike, lifted after 3 days when government guarantees basic prices, awards 30% pay rise, and formally suspends debt repayments over 25% of export revenues.
Visiting US Senator Paula Hawkins attacks lack of action against *narcotráfico*.
- 20 128 foreign banks reject suspension of debt servicing and threaten legal action.
- 31 Chapare declared a military zone.
- Aug. 6 Reinstallation of Congress; both houses now controlled by opposition after further MNRI split; PS-1 agrees to back UDP in Congress.
- 17 Economic package devalues peso from 2,000 to 5,000 to US\$. Head of *anti-narcotráfico* policy, Rafael Otazo, admits to discussions with Roberto Suárez in 1983.
- 22 5-day oil strike.
- 24 Congress begins censure of 7 ministers over Otazo affair.
- 30 Murder of G. Iturralde, founding member of CEPB.
- Sep. 3 VI Congress COB; split between Dirección Revolucionaria Unificada (DRU) and PCB.
- 4 CEPB 24-hour strike over Iturralde murder.
- 5 ECEM conflict resolved after 4 months.
- 7 Otazo fired. UMOPAR withdrawn temporarily from Chapare; replaced by army.
- 11 Congress threatens to impeach Siles.
- 13 DRU, led by Juan Lechín, wins leadership of COB; UDP regime denounced as 'bourgeois'.
- 20 CEPB instructs members to ignore economic measures 'contrary to the law'.
- 22 COB-government talks over union *Plan de Emergencia*.
- Oct. 10 PDC leaves cabinet (now 9 MNRI; 2 PCB; 4 MIR; 3 independents).
- 12 COB demonstrates against economic measures, rejects renewed offer of *cogobierno*.
'Guerrillas' arrested in Luribay sentenced to 2-6 years.
- 15 Gen. Sejas appointed Commander in Chief, to widespread

- military discontent.
- 21 Commander of VIII Div. army requests withdrawal of unit from Chapare.
- 25 Siles declares amnesty for Luribay prisoners, attacks Congress for subverting democracy, and stages hunger strike 'for peace'.
- 26 Government orders capture of Roberto Suárez 'dead or alive'.
- 28 Siles halts hunger strike at request of Church, which urges political truce.
- 31 Luribay prisoners remain jailed after 34-day hunger strike.
- Nov. 3 Curfew lifted in Chapare after popular opposition to military control.
- 7 Congress demands Siles clarify Otazo affair and renews impeachment threat.
- 8 Church convokes political summit.
- 9 Government rejects *Plan de Emergencia* of the COB, which calls general strike, at first for 48 hours, then indefinitely.
- 10 MNR proposes President of Supreme Court form provisional government.
- 14 Political summit opens; strike continues with only emergency services in operation.
- 18 UDP division over economic measures.
- 21 PCB leaves cabinet.
Government accepts plan to advance elections to June 1985.
- 23 Economic package; military deployment in major cities. COB suspends general strike for 48-hours.
- 24 General strike lifted after 20 days; clashes with police.
- 29 Refusal of army commander, Gen. Olvis, to be replaced opens crisis in military.
- Dec. 2 Olvis 'revolt' fails; Gen. López Leytón becomes army commander.
- 14 Jaime Paz resigns as Vice President; MIR and PCB leave UDP; splits within MIR deepen.
- 1985 Jan. MIR-Bolivia Libre (MBL), led by Antonio Aranibar, established.
- 8 Meat supplies halted by *ganaderos* demanding price rises.
- 10 MNRI-dominated cabinet appointed amid spate of strikes.
- 18 Indefinite national factory strike.
- 22 New military appointments favour anti-Banzer officers.
- 25 ASOBAN threatens closure of banks.
- Feb. Sharp divisions at V Congress of PCB.
- 4 Conservative opposition accuses government of preparing '*autogolpe*'.

- 8 *Bloqueos* on altiplano; military deployed.
- 9 Economic package includes devaluation of 417%.
- 11 Widespread popular mobilisation against measures.
- 13 Police deployed in cities; La Paz student demonstration suppressed.
- 14 Supreme Court orders military to respect amnesty for Luribay prisoners.
- 15 Government threatens state of siege.
- 24 Month-long transport strike ends with fare rise of 357%.
- Mar. 4 Large COB 'March for Bread and Freedom' in La Paz.
- 8 COB declares general strike; armed forces on state of alert.
- 13 Suppression of campesino *bloqueos* in Santa Cruz.
- 17 Siles's offer of *cogobierno* rejected by COB.
- 19 10,000 miners occupy central La Paz.
- 20 Military occupy central La Paz; COB avoids confrontation.
- 21 COB-government talks mediated by Church; elections delayed until July.
- 23 COB lifts 16-day strike after government promises to restore sliding scale of wages.
- 24 Miners leave La Paz.
- 27 Congress increases parliamentary salaries to 15 times minimum wage.
- 29 US Senator Paula Hawkins demands cut of all US aid if coca production not reduced by 10%.
- Apr. 9 Release of prisoners accused of murdering 'Luis Espinal, Marcelo Quiroga Santa Cruz (1980) and six members of MIR (1981).
- 22 Siles vetoes joint military manoeuvres with US.
- May Renewed strike wave.
- 18 Economic package effectively restores sliding scale of wages.
- 28 CEPB political forum indicates MNR-ADN collaboration in new government; right-wing unity over necessity to impose IMF austerity measures.
- Jun. 3 Three campesinos killed in police action against *bloqueos* in Cochabamba.
- 4 COB demands nationalisation of banks.
- 6 State expropriates Sheraton Hotel, La Paz.
- 10 Teachers strike.
- Series of attacks by ultra-right UJC in Santa Cruz.
- 20 INdefinite strike in BCB; no state wages issued.
- 26 García Mesa announces his return to the country on radio.
- Jul. 5 BCB strike lifted.
- 10 Diplomatic relations established with Beijing; military discontent.
- 11 Government effort to delay elections impeded by lack of congressional quorum.
- 14 Elections.
- Aug. 4 MNR and MIR control new congressional leadership.

- PCB dissidents hold conference.
- 5 Víctor Paz Estenssoro (MNR) elected President by Congress.
- 12 García Mesa seen at Urkupiña festival.
- 29 Decree 21060 establishes 'New Economic Policy' (NEP). COB calls 24-hour general strike.
- 31 Military declare support for 21060; CEPB divided; COB leaders arrested.
- Sep. 2 FSTMB strike.
- 9 COB declares indefinite general strike.
- 13 State of siege; ADN gives full support to government actions.
- 22 COB suspends strike.
- Oct. 1 Union leaders released.
- 2 COB-government agreement.
- 16 Signing of '*Pacto por la Democracia*' between MNR and ADN.
- 18 Military welcome pact.
- 24 Collapse of international tin price.
- Nov. 7 Strikes by teachers and miners of Huanuni.
- 9 Decree 211105 makes concessions to private mines.
- Dec. Establishment of Fondo Social de Emergencia (FSE).
- 19 State of siege lifted.
- 1986 Jan. 8 ADN joins opposition to government plans for forced loan.
- 10 Minister of Planning Sánchez de Lozada admits excessive emission of money.
- 13 Congress rejects forced loan.
- 17 Sánchez de Lozada withdraws resignation after dispute with Foreign Minister Bedregal.
- 22 New cabinet includes 5 ministers linked to ADN.
- 23 24-hour general strike against NEP.
- 25 US Senate committee visits Chapare.
- Feb. 1 Teachers declare indefinite strike against redundancies and for pay rise.
- 5 Ñuflo Chávez criticises new cabinet.
- 6 New CEPB leadership criticises NEP.
1,000 La Paz municipal workers fired.
Departments stage 24-hour 'civic' strikes.
- 19 Congress sends García Mesa case to Supreme Court.
Collapse of COB-government talks.
- 24 Establishment of Eje de Emergencia by small radical parties. VII Ampliado CSUTCB resists official efforts to divide movement.
- Mar. 5 Departmental Civic Committees declare state of emergency over teachers' strike.
- 11 Demonstrations over education.
- 16 Agreement with IMF on budget cuts, tax reform and

- 'real' exchange rate.
- 18 Congress approves budget deficit of \$175 million.
- Apr. 1 Government declares 75,000 teachers redundant.
- 2 Demonstrations in La Paz and Cochabamba over education; health workers strike.
- 8 Government breaks general strike over education. García Mesa declares his innocence before Supreme Court, Sucre.
- 10 Congress approves joint military manoeuvres with US.
- 11 La Paz student dies following police repression of education demonstration.
- 17 Episcopal Conference criticises NEP.
- 20 Teachers' strike halted after wage agreement.
- 23 Executive, backed by ADN and MIR, calls special congressional session to approve tax reform and new electoral law.
- 24 Renegotiation of external debt begins.
- 28 '*Fuerzas Unidas*' military manoeuvres with US begin.
- May 15 COB announces national referendum on tax reform, external debt and national sovereignty.
- 17 Congress approves tax reform.
- 18 XXI Congress FSTMB approves 'Tesis de Catavi' for union-directed reactivation of Comibol; setback for Lechín at hands of Filemón Escobar and PCB.
- Jun. 2 García Mesa trial restarts after one month recess.
- Producers halt eradication of *cocales* in Cochabamba due to official non-compliance with agreements over aid.
- 3 Closure of Matilde mine; IMF stand-by agreement.
- 5 Juan Lechín resigns as executive secretary of FSTMB.
- 6 Government announces plans to break up Comibol.
- 12 FSTMB *ampliado* confirms Lechín resignation and Tesis de Catavi.
- 16 Tax reform for rural sector postponed until 1987.
- 24 48-hour oil strike declared illegal.
- 30 *Campesino* demonstrations against tax reform.
- Jul. 1 Civic mobilisation in defence of mines, Potosí and Oruro. Detention of *campesinos* leading demonstrations.
- 8 Congress declares COB Consulta Popular unconstitutional.
- 9 48-hour oil strike, Santa Cruz.
- 14 Decree 21367 establishes uniform import tariff of 20%.
- 15 US troops arrive in Santa Cruz.
- 16 National Conference of Civic Committees demands payments of oil royalties. 24-hour general strikes in defence of mines, Oruro and Potosí.
- 19 Joint US-Bolivian military operations against *narcotráfico*, Beni.

- 25 COB Consulta Popular.
- 29 FSTMB declares indefinite strike.
- 31 Cochabamba demonstration against US troops.
- Aug. 5 García Mesa granted '*licencia*' by Supreme Court.
- 8 Extraordinary CSUTCB congress attacks tax reform, NEP and education policy; backs Tesis de Catavi.
- 9 Cámara Nacional de Industrias criticises NEP.
- 10 Congress censures Supreme Court.
- 15 Government asks US for \$500 million for fight against *narcotráfico*.
- 20 Exporters criticise Decree 21367.
Six civic committees demand withdrawal of US troops.
- 22 FSTMB '*Marcha por la Vida y la Paz*' leaves Oruro;
Church urges government to negotiate.
- 25 Decree 21377 '*restructures*' Comibol.
- 26 García Mesa returned to Sucre by airforce.
- 29 5,000 miners on march halted by army at Calamarca.
State of siege declared, c.200 arrested.
- Sep. 1 1 killed and several wounded by security forces in Cochabamba.
- 2 FSTMB-government talks begin.
- 4 MIR joins left in demanding end of state of siege.
- 6 Assassination of Noel Kempff Mercado by *narcotraficantes*, Huanchaca, Santa Cruz.
Pentagon says US troops will stay another 60 days.
- 9 Congress approves 90-day state of siege.
- 10 Carlos Borth, prosecuting in García Mesa case, arrested.
- 11 CSUTCB threatens direct action over political arrests.
- 13 Government agrees to drop enforced cooperativisation in Comibol and releases prisoners.
Declaration of wage freeze until end of year.
- 15 COB lifts hunger strike.
Hugo Banzer asks Paz Estenssoro to be more flexible.
- 18 Coca price in Chapare falls to Bs. 20–30 m per *carga*; 40 tons of paste siezed since January.
- 19 Government declares use of military in anti-drug operations will be '*exceptional*'.
- 20 Filemón Escobar attacks FSTMB-government agreement of 13th.
- 25 Government offers \$42 m for '*relocalizados*'.
- 29 FSTMB ampliado removes leadership elected at XXI congress.
- Oct. 1 New FSTMB leadership repudiates agreement with government, which refuses to negotiate; miners strike.
- 8 Congress demands removal of UMOPAR officers involved in Huanchaca affair.
- 9 Collapse of miners' strike; government agrees to talk.
- 10 Chief of Police fired.

- Mobilisation of populace of Santa Ana de Yacuma, Beni, against UMOPAR.
- 20 2nd Extraordinary Congress of FSTMB, Siglo XX, reflects crisis in leadership; Víctor López elected executive secretary in compromise, but defence of jobs given priority over battle for severance terms.
- 21 Congress declares a rise in its pay by 18% to \$1,400 per month.
- 23 Widespread protests over congressional pay rise.
- 24 Teachers reject draft education code presented by minister Ipiña.
- 28 Majority congressional report on Huanchaca effectively closes case.
- 29 COB demands increase in minimum wage from Bs.40m (\$25) to Bs. 370m (\$190).
- Nov. 5 Luis Sandoval Morón expelled from MNR for accusing minister of interior of cover-up in Huanchaca case.
- 7 Consejo Nacional de Reforma Agraria announces new policy to eradicate small rural properties (*minifundia*).
- 10 Assassination of FRI deputy Edmundo Salazar, prominent in investigation of Huanchaca case.
- 12 Congressional majority refuses to reopen Huanchaca case.
- 13 Police announce complete renovation of personnel in Dirección Nacional de Sustancias Peligrosas (DNSP).
- 14 Comibol announces closure of Catavi with '*relocalización*' of 883 remaining from labour force of 3,145.
- 18 24-hour general strike, La Paz, over education. Eudoro Galindo expelled from ADN.
- 21 Captain Jaime Paredes removed from navy for denouncing corruption.
- 24 FSTMB accepts government's terms for '*relocalización*'.
- 30 Government halts payment of full benefits to redundant miners.
- Dec. 3 Comibol announces that 19,000 miners have been '*relocalizados*'.
- 7 Helicopter shot down by *narcotraficantes* in Chapare.
- 8 2,000 *relocalizados* start hunger strike, Potosí.
- 13 Conflict between Sánchez de Lozada and Bedregal resolved. Negotiations with Club of Paris include *Plan Trienal de Lucha contra el Narcotráfico*, stipulating eventual enforced eradication of *cocales*.
- 22 Main suspect in Huanchaca case escapes from Santa Cruz clinic. Minister of Industry resigns after assaulting traffic policeman.
- 23 Government orders arrest of 30 Santa Cruz police officers.
- 24 After 2 days La Paz hunger strike of *relocalizados* includes 2,500.
- 27 Government opens offensive against unregistered

- religious sects.
- 30 Hunger strike lifted with agreement, mediated by Church to restore benefits to *relocalizados*.
- 1987 Jan. 2 Indefinite doctors' strike for pay rise. Introduction of Boliviano (1 million old pesos).
- 6 Suspension of doctors' strike conditional upon increased health budget. COB ampliado renews demands for increased minimum wage.
- 14 Establishment of new army IX Division, Dept. La Paz, to counter 'guerrilla threat'.
- 16 Moves to dissolve Christian Democratic Party.
- 19 24-hour university strike for restored budget.
- 20 La Paz retailers demonstrate against VAT. Floods in Cochabamba kill 20.
- 30 1987 budget includes 10% rise in public sector wages; cuts education to 19% (35% in 1985).
- Feb. 9 78 police officers resign over corruption.
- 10 48-hour oil strike.
- 11 BCB union leaders stage hunger strike over transfer of \$500 m to private banks.
- 25 Teachers agree to start new school year upon guarantees against repression.
- Mar. 4 Comibol declares cooperativisation of Siglo XX and other mines. COB-CSUTCB state of emergency over anti-coca operations.
- 5 University budget reduced from Bs. 78 m to Bs. 47 m.
- 9 Censure of cabinet for failure to pay departmental oil royalties; Sánchez de Lozada threatens resignation.
- 10 Cabinet resigns. Civic committees of Tarija, Chuquisaca and Santa Cruz repudiate MNR parliamentarians representing departments.
- 11 National miners' strike declared; Lechín starts hunger strike.
- 12 MNR-ADN negotiations over cabinet posts. Expulsion of MNR deputies who backed censure of cabinet.
- 18 University demonstrations over budget.
- 19 COB leadership and 150 miners on hunger strike.
- 21 Hunger strikers rise to 1,500.
- 22 Visit of West German president.
- 25 Journalists join hunger strike; anti-government demonstrations.
- 26 Emergency CSUTCB ampliado, La Paz, backs hunger strike.
- 28 Government lifts state of siege.
- 31 Hunger strike lifted. Government presents draft law on '*sustancias controladas*', giving control of all coca production and commerce to

- DNSP as basis for US- and Euro-funded *Plan Trienal* for eradication.
- Apr. 3 Resignation of Defence Minister Valle after giving speech in Congress while drunk.
- 6 Government declares minimum wage of Bs.50; COB demands Bs.82. Budget of Caja Nacional de Seguro Social (CNSS) reduced.
- 7 Extraordinary session of congress approves joint manoeuvres with US.
- 8 COB rejects government wage offer and declares mobilisation; Lechín calls for resignation of Paz Estenssoro.
- 11 Lechín accused of subversion.
- 14 Anti-government demonstrations and fighting outside US embassy.
- 22 24-hour general strike.
Discussions in Montevideo with Chile over access to sea.
- May 1 Large COB demonstration, La Paz; 1,200 redundant miners stay in city.
- 2 Government increases minimum wage to Bs.50.
- 4 Start of 'Fuerzas Unidas 87' manoeuvres with US.
- 10 Coca producers demand closure of UN project, Yungas.
- 11 Bedregal attacks bishops' call for government flexibility as hypocritical.
- 13 Wives of *relocalizados* occupy ministry of mines.
- 16 CSUTCB attacks coca eradication policy and *Plan Trienal*.
- 18 COB leadership hunger strike pro-*relocalizados*.
- 20 Visit of King Juan Carlos of Spain.
- 25 CSUTCB *bloqueos* in coca zones.
- 27 Miners strike lifted after agreement on wages and benefits.
- 28 Military break up *campesino bloqueos* in Cochabamba; 4 killed, 20 wounded and 100 arrested.
- Jun. 6 CSUTCB-government agreement on voluntary eradication of *cocales* and development aid effectively annuls *Plan Trienal*.
- 12 Chilean violation of airspace reported to OAS.
- 20 Government denies plans to privatise health service.
- 25 New social security system reduces state contributions and divides Cajas de Salud.
- 30 24-hour general strike over social security and education. III Congress CSUTCB, Cochabamba, splits between Flores (MRTKL) and Morales (Eje) factions over allegations of corruption of Flores's leadership.
- Jul. 2 Bedregal attacks Sánchez de Lozada's plan to allocate private sector 40% of 'reactivation' funds.
- 3 17 DEA agents expelled by *campesinos* of Chimore for 'abuses'.
CSUTCB congress ends in chaos as Flores re-elected and

- Morales group leaves.
- 6 VII Congress COB, Santa Cruz, starts with shared CSUTCB delegation. Sánchez de Lozada dubs rumours of his candidacy in 1989 elections '*una locura*'.
 - 10 Decree 21660 outlines strategy for 'reactivation'.
 - 11 Víctor López elected executive secretary COB in compromise between outgoing Eje (ex-DRU) leadership and PCB-dominated opposition.
 - 13 Rural teachers declare indefinite strike; failure to restart school year. Agreement with Conservation International for purchase of \$650,000 of debt in exchange for nature reserve.
 - 23 Oil strike.
 - 26 Hunger strike by secondary pupils pro-teachers.
 - 31 Oil strike lifted.
- Aug. 2 Teachers' congress declares indefinite strike for basic wage of Bs. 800.
- 4 Government rejects teachers' demands.
 - 11 Talks over education collapse; teachers demonstrate, La Paz.
 - 12 Captain Jaime Paredes jailed for 6 months for '*tendencias revolucionarias*'.
 - 13 Extensive campesino *bloqueos* over education.
 - 14 *Campesino* killed at Huatajata in military suppression of *bloqueo*. Agreement with US to reduce *cocales* by minimum of 1,800 hectares; USAID to pay \$2,000 per hectare but aid conditional upon target being met.
 - 21 Government refuses to negotiate over education; *bloqueos* continue.
 - 25 Teachers' marches in Oruro and La Paz repressed.
 - 28 Education strike ends with government agreement to pay \$7m. in bonuses.
- Sep. 15 Bedregal accuses banks of misusing reactivation funds.
- 18 Establishment of left-wing Alianza Patriótica alliance to fight municipal elections.
 - 21 Suspension of reactivation funds to private banks. Suspension of \$8.7m US aid for failure to meet coca eradication target.
 - 22 Agreement with Argentina over price of natural gas.
- Oct. 5 COB renews demands for rises in min. wage, education and health budgets.
- 14 CSUTCB demands withdrawal of agrarian bill and tax on smallholders.
 - 15 *Relocalizados* stage hunger strike in central La Paz for payment of full severance pay.
 - 21 Government rejects COB demands.
 - 24 24-hour civic strike in Cochabamba over education.
- Nov. 4 Military open case against García Mesa for sale of Che's diary.

- 6 BCB intervenes Banco de Potosí.
- 9 BCB intervenes Banco del Progreso.
- 10 Civic committees of Tarija, Chuquisaca and Santa Cruz start legal moves to obtain oil royalty payments.
- 13 Government agrees to pay royalties on monthly basis.
- 21 2,000 *relocalizados* start new hunger strike for severance pay.
- 26 COB demonstrations in major cities.
- Dec. 1 After Church mediation, government offers 950 jobs to *relocalizados*.
- 3 Hunger strike lifted; 24-hour general strike.
- 6 Municipal elections.
- 10 Despite sharp MNR losses in elections, Paz refuses to moderate programme.
- 1988 Jan. 6 COB suspends call for general strike and enters talks.
- 8 Cochabamba *campesinos* suspend eradication of *cocales* and threaten march on La Paz; government offers talks.
- 11 Coca producers' conference, Cochabamba.
- 19 COB rejects 15% pay rise.
- 26 Oil strike; government breaks talks with COB.
- 27 Oil strike suspended at COB request.
- 29 Coca producers demand agreement on development projects before resuming eradication.
- Feb. 3 48-hour general strike in Oruro; government accepts regional demands.
- 4 Chaco veterans stage hunger strike for increased pension.
- 5 COB-government agreement over coca ratifies accord of June 1987 and assigns \$207m in compensation/development.
- 10 Talks over education fail.
- 13 Domestic oil and gas prices increased.
- 18 Government concedes pension of Bs.150 to veterans.
- 23 Oil strike.
- 24 Concejo Municipal, La Paz, meets for first time; failure to elect mayor.
- 26 Government breaks talks with COB.
- Mar. 1 48-hour general strike against oil price rise.
- 3 800 *relocalizados* begin march to Yungas to produce coca.
- 7 Military occupy oil installations; 700 workers fired by YPFB.
- 9 Transport strike; COB declares state of emergency.
- 10 La Paz university demonstration over budget; police enter campus; 1 killed. *Relocalizados* begin to return from Yungas.
- 13 Oil strike suspended.
- 14 Police break up COB march, La Paz.
- 16 ADN and MIR agree that each will control La Paz

- mayoralty for half of official term.
- 17 Government declares decentralisation of health and education to departments and regional development corporations; COB rejects.
- 24 Demonstrations against decentralisation.
- 30 Gas and oil prices rise by 30%.
- 31 Producers halt coca production in Chapare in protest at UMOPAR abuses and lack of government aid.
- Apr. 4 Minimum wage increased to Bs.60 (\$26).
- 5 Bread prices increased by 25%
- 6 Police break up student demonstration in Oruro. Civic committees reject decentralisation.
- 7 24-hour general strike in southern departments against decentralisation. School classes suspended by Ministry of Education.
- 8 ADN criticises MNR application of NEP, demands cabinet posts and control of coca eradication programme.
- 11 CSUTCB ampliado, La Paz, effectively removes Genaro Flores from power.
- 13 Visit of US Attorney General, Ed Meese, to discuss drug issues.
- 15 15 wounded in clashes during student march, Sucre.
- 16 Clergy protest at appointment of non-Bolivian bishops.
- 20 Decree 21923 excludes small rural properties from tax regime.
- 24 Hunger strike by leaders of COB and universities over budget and coca policy.
- 25 Deputy Freddy Vargas asks congress to send '*narcovideos*' to President. US House Foreign Affairs Committee proposes to reduce by 50% aid to Bolivia, Paraguay and Peru for failure to collaborate in antidrug policy.
- 26 Congress excludes decentralisation from budget.
- 28 *Narcovideo* scandal breaks in full.
- 29 Coca producers refuse to negotiate over proposed Ley de Sustancias Controladas.
- 30 Following repression of student demonstration, Potosí police station burnt down.
- May 4 Government offers negotiations with COB.
- 5 COB ampliado continues hunger strike. La Paz police strike for 150% pay rise.
- 7 COB halts hunger strike after 13 days on arrival of Pope (visit till 14th)
- 17 Congressional debate on drug bill starts; opposition demands investigation of private bank accounts be included.
- 22 Sánchez de Lozada declares candidacy for 1989 elections.
- 23 Cochabamba coca producers give DEA 48 hours to leave Chapare; government rejects threat.

- Demonstration in La Paz for revision of drug bill.
- 25 Congress cuts military budget.
- 30 Demonstration in La Paz for revision of drug bill.
- Jun. 3 Government offer to raise health and education budget by 8.3% rejected by COB.
- 6 Estimated 30,000 *campesinos* stage *bloqueos* in Cochabamba against drug bill.
- 7 *Bloqueos* broken by police and army; coup rumours.
- 9 Cochabamba coca producers take USAID workers hostage.
Faustino Rico Toro elected president of Cochabamba civic committee.
- 11 Cochabamba coca producers threaten to attack police stations if drug bill passed.
- 13 Coca producers resume talks with government.
- 15 La Paz Channel 4 TV and Radio Metropolitana, owned by Carlos Palenque, closed by government for broadcasting Roberto Suárez's statement that Víctor Paz is 'viceroy of cocaine'.
- 16 Talks on coca collapse.
- 20 After 2 years and 80 days first stage of García Mesa trial closes. Ministry of Education announces decentralisation will not be applied.
- 21 Ministry of Interior excludes possible use of herbicides in coca eradication.
- 22 ADN deputy Alfredo Arce given *licencia as narcovideo* debate closes.
- 23 US embassy declares herbicides not dangerous.
Petrol price rise.
- 27 5 *campesinos* killed by security forces, Villa Tunari, Cochabamba, after occupation of police station; government denies DEA involvement.
- Jul. 5 Congress approves drug bill; demonstration in La Paz repressed; COB calls for civil disobedience.
- 7 Congress increases members' salaries by 90% to \$2,300 per month, backdated to March.
- 11 Extraordinary Congress CSUTCB, Potosí, confirms defeat of Genaro Flores and emergence of Ofensiva Roja de Ayllus Kataristas; Juan de la Cruz Villca elected executive secretary.
- 19 General strike against congressional pay rise brings La Paz to halt.
- 21 Roberto Suárez arrested in Beni.
- 22 Huanuni strike against imposition of three shifts.
- Aug. 6 Vice President Julio Garret proposes constitutional reform to allow second round in elections; rejected by MNR-ADN majority.
- 8 Visit of US Secretary of State George Shultz.

- 9 MNR and ADN ratify congressional pay rise.
- 11 Following popular protests, congress reduces pay award from Bs. 5,200 to Bs. 3,300.
- 20 Bedregal alleges that Sánchez de Lozada has support of Pentagon for his candidacy.
- 23 MIR announces that if victorious in 1989 it will retain basics of NEP.
- 31 *Campesino* killed by military, Achacachi.
- Sep. 20 Government rejects congressional arbitration over Huanuni strike.
- 21 Strike in Catavi mine.
- 22 Teachers declare indefinite strike in demand of 100% pay rise.
- 27 Presentation of Ley General de Desarrollo Agropecuario to congress. ADN demands ratification of 1985 *Pacto* if no overall winner emerges from 1989 elections.
- Oct. 4 García Mesa makes death threat against prosecuting council.
- 7 Removal of commander and 4 officers of army VII Division, Cochabamba, for selling weapons to *narcotraficantes*.
- 11 Subsecretary of Social Defence, Jorge Alderete, in charge of drug policy, accuses navy of protecting *narcotráfico*.
- 21 Ñuflo Chávez attacks Sánchez de Lozada as reactionary and Decree 21060 as lacking ‘social dimension’. However, Sánchez de Lozada remains official MNR candidate, and Víctor Paz brings opponents into line.
- 24 Teachers suspend strike after 27 days on offer of Bs.50 bonus.
- 26 UMOPAR removed from Guayamerín after clashes with populace.
- Nov. 3 US cuts aid to navy.
Health workers strike.
- 10 II conference of municipal governments demands more control of local taxes.
- 21 XII congress FSTMB elects Víctor López and Edgar Ramírez, advocating sharper resistance to Comibol and government.
- 24 Doctors accept basic wage of Bs.600 and halt strike.
IV *encuentro* of coca producers reaffirms refusal to eradicate *cocales* under new law.
- Dec. 2 Congress indicts García Mesa for sale of Che’s diary; ex-dictator takes ‘asylum’ in Sucre barracks.
- 6 Assassination of Peruvian naval attache in La Paz by Sendero Luminoso. Ministry of Interior orders García Mesa’s arrest.
- 7 Attack on congressional offices by Fuerzas Armadas de Liberación Zárata Willka (FALZW).
- 1989 Jan. 4 Drug law comes into operation.

- 6 Government withdraws agrarian development law from congress.
- 11 CSUTCB hunger strike against drug law and tax on communal property; 45 arrested.
- 13 García Mesa remains at large; Sucre police plead lack of resources.
- 17 Chief of Police, Sucre, charged with failure to fulfill duty.
- 21 Alderete complains at DEA domination of *anti-narco* operations.
- 24 ADN-MNR relations enter crisis; PDC backs ADN electoral slate.
- 25 Sánchez de Lozada opposes automatic congressional support for presidential candidate with highest vote; threatens 1985 pact.
- 26 Congress suspends debate on budget due to lack of quorum caused by ADN.
- 31 CSUTCB hunger strike suspended; prisoners released.
- Feb. 1 Budget approved, including tax on rural property (to begin in June).
MIR alleges MNR fraud in preparation of electoral register.
- 6 Electoral register closes.
- 8 MNR demands extension of registration period and plans to call extraordinary session of congress.
- 9 MNR-ADN pact broken; ADN militants resign public posts. Ministry of Interior declares foreign troops unnecessary for repression of *narcotráfico*.
- 13 Bedregal attacks US Ambassador Gelbard for criticising Alderete.
- 16 García Mesa trial restarted with accused still at large.
- 21 Lechín demands guarantees for political independence if he is to rejoin MNR.
- 27 García Mesa declares to press that he will remain underground.
- Mar. 1 Government agreement with coca producers for their inclusion in PIDYS development project.
Catavi *relocalizados* stage *bloqueos* in central La Paz.
- 3 Alderete resigns, declaring US wants to eradicate *cocales* but cannot reduce consumption.
- 4 García Mesa defence team presents court with list of 450 witnesses.
Populace of San Borja impede UMOPAR from seizing 2 planes loaded with cocaine.
- 6 Visit of US attorney General John Thornburgh and Director of DEA John Law.
- 7 Government repeats that *anti-narco* operations do not need foreign troops.
- 9 US reiterates requirement that 130 hectares of coca be destroyed by April if US aid is not to be cut.

- 13 24-hour civic strike in Santa Cruz demanding payment of oil royalties.
- 15 Police break up hunger strike by *relocalizados* in La Paz.
- 16 COB march pro-*relocalizados*.
Visit of US Senator Paula Hawkins, who defends use of herbicides.
- 20 Alderete removed from list of MNR candidates; US embassy denies DEA vetting of lists but admits to consultations with parties.
- 28 CSUTCB requests members not to vote for MNR, ADN or MIR.
Government reasserts that *cocales* will not be destroyed by force.
- Apr. 4 *Relocalizados* resume hunger strike.
- 6 Huanuni declares indefinite strike.
- 12 Tin price reaches \$4.62 per lb.
- 13 Coca producers' conference resolves to maintain talks with government but refuses to restart eradication or accept drug law.
- 14 Huanuni strike suspended.
Jaime Paz Zamora pledges to remove 21060.
- 19 *Relocalizados* stage 'crucifixion' in La Paz; government halts talks.
- 22 Police occupy university, La Paz, seat of *relocalizado* campaign.
- 24 Government threatens state of siege but sets up special commission to deal with *relocalizados*.
- 25 Tin price reaches \$4.83 per lb.
- 26 *Relocalizados* accept official offer of food and \$500,000 in pay-offs.
- May 3 MIR declares it will reject agreements with either ADN or MNR but not with other forces.
Six members of 'Cristo Vive' sect drowned in Riberalta.
- 5 Government declares two-thirds of commercial debt repurchased. CONDEPA denounces MNR fraud in electoral registration.
- 7 General elections.
- 8 Sánchez de Lozada announces his victory; ADN denounces official fraud in La Paz.
- 9 Paz Zamora declares that MIR has good chance of forming next government because it can count on left-wing vote in congress. MNR attacks opposition 'plot' to annul election result.
- 12 ADN-MIR talks to 'defend popular vote'.
- 15 MNR accuses MIR and ADN of abusing departmental electoral courts.
- 16 ADN declares it will not recognise a MNR victory; MIR attacks MNR fraud.

- 19 La Paz electoral court (controlled by ADN and MIR) annuls 35,471 votes.
- 21 Paz Zamora-Banzer talks.
- 22 Sánchez de Lozada asks episcopal conference to arbitrate electoral impasse; rejected. MNR raises possibility of annulment.
- 23 CONDEPA rejects talks with MNR.
Argentina declares itself unable to repay debt for several months.
- 24 Three Mormon missionaries killed by FAL-Zárate Willka.
- 26 ADN and MIR agree to annul 50 ballot boxes from Potosí.
- 27 National Electoral Court (CNE) announces final election results; ADN claims CNE to be above all judicial scrutiny bar that of Congress.
- 30 PS-1 and MRTKL demand cancellation of specific results where 'incorrect calculation' by departmental electoral courts shown and admitted; parties also demand revision of results where 1986 electoral law alters victory (affects all parties bar MIR).
- Jun. 1 High Command rules out intervention in political process. IU demands revision of results in four departments.
- 5 Airforce operations on Peruvian border to locate supposed presence of Sendero Luminoso.
- 8 Ministry of Interior announces forcible eradication of *cocales* from July.
- 9 La Paz district court declares itself unable to consider petitions against CNE.
- 13 Further reports of Sendero Luminoso activity in border region.
- 19 Four students detained for Mormon killings.
- 20 DEA attacks lack of cooperation by local authorities.
- 21 García Mesa trial suspended for fourth time since January. IU demands withdrawal of 1986 electoral law.
- 22 UMOPAR operation in Santa Ana de Yacuma results in six deaths in exchange of fire with navy.
- 26 Government-ANAPCOCA agreement on growers' participation in PIDYS.
- 27 ASOBAN denies capital flight is serious.
Large demonstrations mark anniversary of Villa Tunari killings.
- 28 Government announces start of forced eradication in Chapare on 23 July.
Campesino leader Evo Morales held and tortured for alleged protection of *narcotraficante*.
- 29 Government assesses capital flight over last 60 days at \$21 million. COB asserts innocence and demands release of students held for Mormon killings.
- Jul. 4 La Paz demos over FAL-Zárate Willka arrests.

- Ambassador Gelbard declares 'the Bolivian government does not have control over its own territory' with respect to Santa Ana affair.
- 6 Army Commander General Rómulo Mercado attacks Gelbard.
 - 12 La Paz judge excuses himself from Mormon case after allegedly receiving death threats. (Others follow). Roger Cortez (PS-1) and Víctor Hugo Cárdenas (MRTKL) stage hunger strike in Congress against electoral fraud.
 - 21 CEPB accuses parties of creating climate of instability. Government postpones forced eradication of *cocales* and asks for talks with growers.
 - 24 CSUTCB declares state of emergency over eradication.
 - 27 Human Rights Organisation declares García Mesa hiding in hacienda owned by Banzer. Max Fernández calls on military to intervene. Following televised debate on electoral law major parties agree revision is necessary.
- Aug. 1 MNR offers coalition to ADN; rejected in favour of alliance with MIR. Capital flight put at \$90 million. Cortez and Cárdenas hunger strike lifted.
- 3 Paz Zamora guarantees continuation of NEP to CEPB.
 - 4 Congress elects Paz Zamora president.
 - 6 Paz Zamora inaugurated.

APPENDIX II

BASIC ECONOMIC INDICATORS

	1980	1981	1982	1983	1984	1985	1986	1987	1988
GDP Growth (%)	-1.37	0.92	-4.36	-6.51	-0.30	-0.15	-2.93	2.12	2.81
GDP per cap. Growth (%)	-4.51	-2.61	-4.94	-8.58	-2.94	-2.68	-5.86	-0.76	0.17
GDP sectoral growth (%)									
agriculture	1.35	-0.93	6.92	-16.40	22.88	9.11	-4.68	-0.20	-1.09
mining	-2.88	3.06	-7.78	-2.27	-19.62	-20.35	-25.90	1.73	32.96
manufactures	-3.25	-7.75	-12.36	-4.60	-13.98	-9.31	2.06	3.49	6.29
oil/gas	4.75	5.11	5.71	-8.53	0.45	-1.95	-3.96	1.48	4.83
services	1.63	2.23	-1.91	-1.65	-1.40	0.89	-0.67	2.73	-0.33
Exports (US\$m.)	942.2	912.4	827.7	755.1	759.6	655.4	620.4	553.1	580.6
Imports (US\$m.)	665.4	917.1	554.1	567.7	488.5	690.9	674.0	766.3	578.6
External Debt (US\$b.)	2.53	2.65	2.80	3.18	3.21	3.30	3.53	4.16	3.99
Debt Service (% GDP)	8.2	7.3	7.4	7.6	8.4	6.6	4.5		
Debt Service (% exports)	28.4	28.1	31.7	33.3	39.5	34.8	26.2		
Inflation (%)	23.9	25.2	296.5	328.5	2,177.2	11,850	66.0	10.7	21.5
Public Sector Deficit (% GDP)	9.0	7.8	14.7	19.1	27.4	9.1	4.0		
Open Unemployment (% eap)	5.8	9.7	10.9	13.0	15.5	18.2	20.0	21.15	11.5

Sources: Muller y Machicado, *Estadísticas Económicas, 1989* (La Paz, 1989); Juan Antonio Morales, in Bruno et al., *Inflation Stabilization*.

APPENDIX III
EXCHANGE RATES, 1980-86

	Official Rate	Parallel Rate
1980	25	25
1981	25	25
1982	Nov. 196	250
1983	Jan. 196	341
	Mar. 196	475
	June 196	432
	Sept. 196	761
	Dec. 500	1,244
1984	Jan. 500	2,300
	Feb. 500	2,100
	Mar. 500	2,800
	Apr. 2,000	3,000
	May 2,000	3,400
	June 2,000	3,250
	July 2,000	4,350
	Aug. 5,000	6,500
	Sept. 5,000	14,600
	Oct. 5,000	15,000
	Nov. 8,571	17,090
	Dec. 8,571	22,124
1985	Jan. 8,571	63,240
	Feb. 45,000	113,090
	Mar. 45,000	120,204
	Apr. 45,000	159,816
	May 67,000	272,375
	June 67,000	481,756
	July 67,000	885,476
	Aug. 75,000	1,182,303
	Sept. 1,077,887	1,087,441
	Oct. 1,102,065	1,120,206
	Nov. 1,197,367	1,336,719
	Dec. 1,588,613	1,715,869
1986	Jan. 2,057,645	2,240,216
	Feb. 1,840,118	1,916,881

Sources: Instituto Nacional de Estadísticas; Banco Central de Bolivia.

APPENDIX IV
MONTHLY INFLATION RATE, Oct. 1982–Dec. 1986

1982	Oct.	14.63		Dec.	60.85
	Nov.	16.76	1985	Jan.	68.76
	Dec.	7.76		Feb.	182.77
1983	Jan.	0.60		Mar.	24.94
	Feb.	10.25		Apr.	11.78
	Mar.	11.82		May	35.66
	Apr.	8.37		June	78.46
	May	9.25		July	66.30
	Jun.	3.20		Aug.	66.46
	July	10.07		Sept.	56.51
	Aug.	25.94		Oct.	-1.87
	Sept.	16.41		Nov.	3.20
	Oct.	11.57		Dec.	16.80
	Nov.	24.78	1986	Jan.	32.96
	Dec.	25.92		Feb.	7.95
1984	Jan.	9.56		Mar.	0.07
	Feb.	23.00		Apr.	3.59
	Mar.	21.13		May	0.97
	Apr.	62.97		June	4.26
	May	47.01		July	1.78
	June	4.06		Aug.	0.66
	July	5.17		Sept.	2.28
	Aug.	14.99		Oct.	0.59
	Sept.	37.32		Nov.	-0.11
	Oct.	59.12		Dec.	0.65
	Nov.	31.55			

Source: Instituto Nacional de Estadísticas.

APPENDIX V

TIN PRODUCTION AND EXPORTS

(i)	Production (metric tonnes)	Exports (US\$000)	Av. Price (US\$ per tonne)
1980	28,000	378,149	16,784
1981	29,781	343,096	14,148
1982	24,660	278,344	12,712
1983	26,660	207,906	12,961
1984	17,000	247,748	12,218
1985	16,136	186,747	11,570
1986	11,500	89,810	4,832
1987	5,800	47,638	6,771

(ii) *Exports by Sector (US\$000)*

	Comibol	Minería Mediana	Minería Chica
1980	83,699	15,216	38,344
1981	32,097	11,816	32,612
1982	19,713	8,869	11,911
1983	13,282	6,578	11,872
1984	33,129	5,240	17,628
1985	4,773	24,741	23,186
1986	1,695	13,273	18,388
1987	-	16,278	11,052

(iii) *Comibol Mines Production (tonnes)*

	1980	1981	1982	1983	1984	1985	1986	1987
Catavi	3,950	3,438	2,578	2,630	2,168	1,318	751	
Huanuni	4,694	4,730	3,460	3,017	2,754	2,643	1,626	91
Quechisla	1,919	2,184	1,500	1,458	1,122	736	372	12
Unificada	1,756	1,499	455	255	178	351	171	
Colquiri	1,730	1,883	1,750	1,864	1,141	799	534	71
Others	4,572	7,144	8,158	6,807	5,642	4,191	795	210

Source: Asociación Nacional de Minería Mediana.

APPENDIX VI

REAL WAGES

(i) *Index, 1982-6 (Quarterly; Nov. 1982= 100)*

1983	1	103.4
	2	88.2
	3	80.9
	4	91.9
1984	1	65.5
	2	69.5
	3	65.5
	4	150.5
1985	1	122.0
	2	100.5
	3	34.0
	4	67.8
1986	1	71.1
	2	70.1
	3	73.6

Source: Juan Antonio Morales, in Bruno et al., Inflation Stabilization.

(ii) *Structure of Waged Income by Sector (July 1988; %)*

Bolivianos	Total	Workers	Employees	Self- Empl'd	Prof- essionals	Owners
0-100	25.7	25.0	22.8	30.7	4.9	10.7
101-200	19.5	26.2	21.6	15.5	8.6	11.9
201-300	13.9	19.0	16.4	10.6	9.4	10.7
301-400	10.0	12.4	11.9	7.8	9.2	9.3
400+	30.9	17.3	27.3	35.4	67.9	57.3
Average (Bs.)	358.8	240.7	307.0	470.1	815.1	720.1

Source: Coyuntura Económica Andina, 1989.

APPENDIX VII
CENTRAL GOVERNMENT REVENUE

	1980	1981	1982	1983	1984	1985	1986	1987
Total Tax Revenue (% GDP)	9.6	9.2	4.8	2.8	3.3	10.1	13.2	17.4
Internal Revenue (% total)	32.6	32.0	39.9	52.5	24.4	12.8	24.0	35.8
External Revenue (% total)	21.7	22.9	20.0	15.2	18.0	15.4	14.1	15.1
Mining Taxes (% total)	16.1	6.2	9.1	4.0	27.6	2.7	0.2	0.4
Hydrocarbon Taxes (% total)	15.7	30.2	24.3	12.7	12.2	64.8	56.7	49.7

Source: Arthur Mann, 'The Political Economy of Tax Reform in Bolivia'.

APPENDIX VIII

SYNOPTIC ELECTION RESULTS, 1980–89*

<i>1980: General</i>	<i>% vote</i>	<i>seats</i>
Hernán Siles Zuazo (UDP)	38.74	53
Víctor Paz Estenssoro (MNR)	20.15	40
Hugo Banzer Suárez (ADN)	16.83	25

(Siles elected by congress, Oct. 1982, with 113 votes)

<i>1985: General</i>	<i>% votes</i>	<i>seats</i>
Hugo Banzer Suárez (ADN)	28.56	51
Víctor Paz Estenssoro (MNR)	26.47	59
Jaime Paz Zamora (MIR)	8.84	16

(Paz Estenssoro elected by congress, by 94 votes against 51 for Banzer)

<i>1987: Municipal</i>	<i>% votes</i>
ADN	24.94
MIR - Nueva Mayoría	22.88
MNR	11.78

<i>1989 General</i>	<i>% votes</i>	<i>seats</i>
Gonzalo Sánchez de Lozada (MNR)	23.07	49
Hugo Banzer Suárez (ADN)	22.07	46
Jaime Paz Zamora (MIR-NM)	19.64	41

(Paz Zamora elected by congress, by 97 votes against 50 for Sánchez de Lozada)

* Note: Leading parties only; congress has 157 seats (deputies – 130; senators – 27).

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